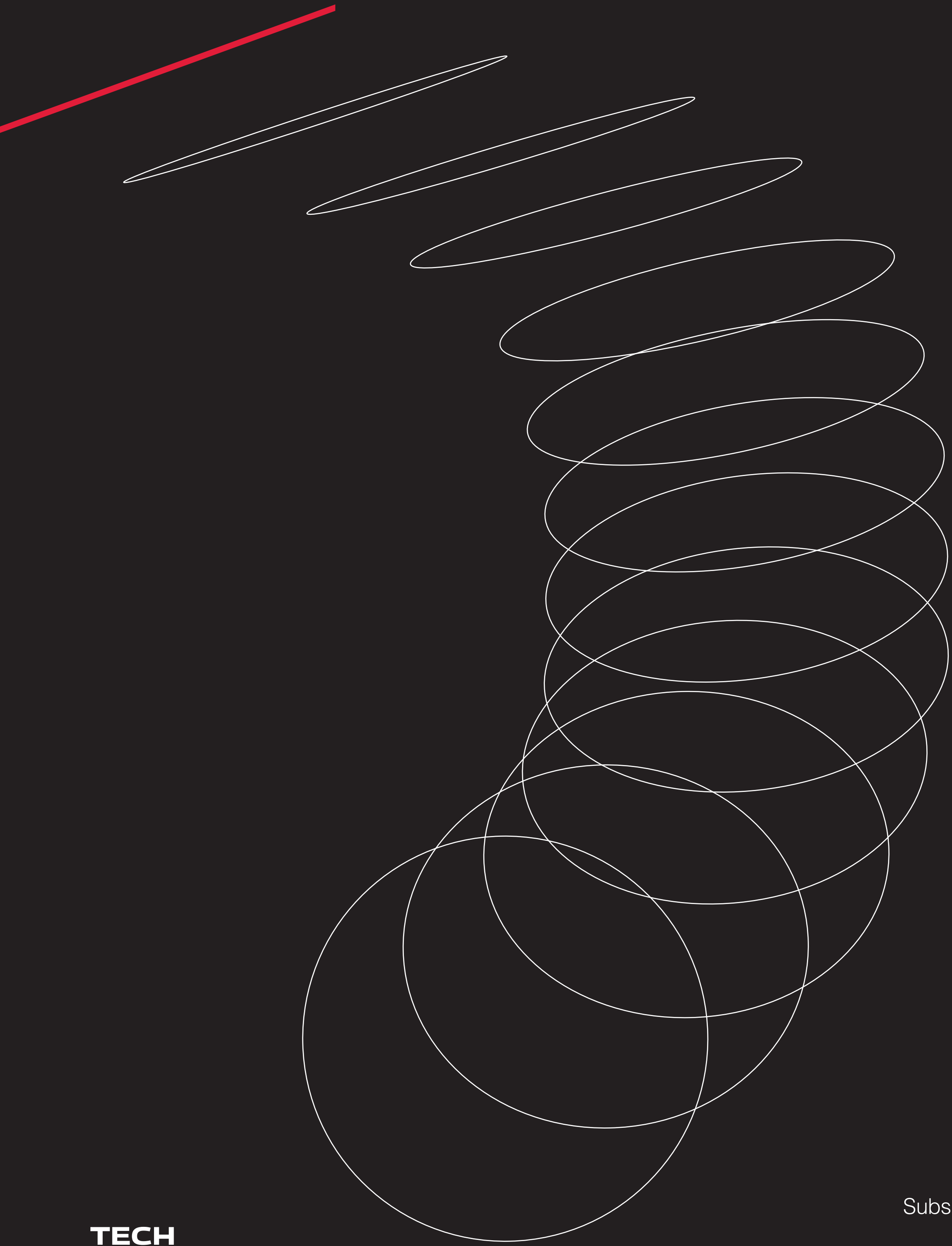
# Rise Beyond



Subsidiary Annual Report
2022 - 23
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TECH mahindra

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# TECH MAHINDRA (AMERICAS) INC.

**Board of Directors**

Mr. Manish Vyas
Mr. Lakshmanan Chidambaram
Mr. T N Manoharan
Mr. Guruprasad R Iyengar

**Business Office**

5700, Democracy Drive
Suite # 2000, Plano
TX 75024 USA

**Bankers**

HSBC Bank
JPMorgan Chase Bank
Citi Bank
DBS

**Auditors**

Catrakilis Kraitzick Hrabova, CPAs and Advisors, LLC

# DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Corporation for the year ended March 31, 2023.

**Financial Results:**

| For the year ended March 31 | 2023 USD | 2023 INR | 2022 USD | 2022 INR |
|---|---|---|---|---|
| Income | **1,201,366,629** | **96,790,605,312** | 1,100,056,945 | 81,932,241,264 |
| Profit/(Loss) before tax | **28,848,320** | **2,324,225,001** | 75,064,312 | 5,590,789,958 |
| Profit/(Loss)after tax | **28,389,213** | **2,287,236,089** | 59,458,264 | 4,428,451,503 |

**Review of operations:**

During the fiscal year under review, the Corporation achieved an income of USD 1,201 Million (equivalent to INR 96.79 billion). The Corporation continues to invest in strengthening its business in the USA. The increase in business and the focus on right sizing the USA operations while preparing for the next level of growth has helped the Corporation to earn healthy level of operating profits in the last few years. This year profit was adversely impacted due to impairment of investments.

**Mergers & Acquisitions:**

As part of rationalization of entities, the following corporate actions were taken during the year under review.

1. Allyis, Inc. ownership changed to Corporation due to merger of Green Investments LLC with Allyis, Inc. effective July 1, 2022.

2. Born Group Inc. has become subsidiary of the Corporation effective September 16, 2022 due to change of ownership effected through Check the Box (CTB) process as permitted under IRS law.

3. Infostar LLC was merged with Tech Mahindra (Americas) Inc. effective September 16, 2022.

4. On November 11, 2022 Corporation has acquired 11.66% stake in Mad*Pow Media Solutions, LLC (Mad*Pow) in terms of the Membership Interest Purchase Agreement with Will Powley, Amy Heymans and Brad Honeyman. Consequently Mad*Pow had become 100% subsidiary of the Corporation.

5. On December 20, 2022 the Corporation acquired one share in LCC Central America de Mexico, SA de CV (LCC Mexico) from Lightbridge Communication Corporation (LCC).

6. Lightbridge Communications Corporation was merged with Tech Mahindra Network Services International Inc. effective January 1, 2023. Consequently, owner of Tech Mahindra Network Services International Inc. changed to Tech Mahindra (Americas) Inc.

**Incorporations:**

During the year under review the Corporation had incorporated two entities as per details are given below:

1. Saffronic Inc. was incorporated on May 17, 2022 as a Delaware Corporation, USA to carry on business as designers, developers, providers and dealers in video storage processing platform and recording technology for all types of industries and functions across the entire range of channels, including without limitation, email, web, cloud, social, and text.

2. Netops.AI Inc. was incorporated on August 16, 2022 as a Delaware Corporation USA to carryout E2E Network Automation Platform to Build and Operate 5G & state of art future Networks on Cloud for CSPs and enterprises around the World.

**Board:**

Mr. Manish Vyas, Mr. Lakshmanan Chidambaram, Mr. T N Manoharan, Mr. Guruprasad R Iyengar are the members of the Board of Directors.

**Outlook for the current year:**

The Corporation believes that the investments made over the last few years in cultivating long term relationships with existing & prospective customers will result in further increase in business.

**Acknowledgements:**

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Corporation. Your Directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder(s) for the co-operation and assistance received from them.

**Manish Vyas**
Director & President

Place: Texas
Date: April 24, 2023

# INDEPENDENT AUDITOR'S REPORT

To: Board of Directors

Tech Mahindra (Americas), Inc. a New Jersey Corporation,

a wholly owned subsidiary of Tech Mahindra Limited, an India Company

Plano, Texas

**Qualified Opinion**

We have audited the accompanying financial statements of Tech Mahindra (Americas), Inc., incorporated in New Jersey ("the Corporation"), which comprise the standalone balance sheets as of March 31, 2023 and 2022, and the related standalone statements of operations and comprehensive income, cash flows and changes in stockholder's equity, for the years then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report the financial statements referred to above present fairly, in all material respects, the financial position of Tech Mahindra (Americas), Inc. as of March 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Qualified Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("US GAAP"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tech Mahindra (Americas), Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The group's accounting policies require the company to consolidate its subsidiaries with controlling interest. For the purposes of these Indian GAAP Financial Statements prepared at a Parent, the Balance Sheets and Statements of Profit and Loss of its subsidiaries, Lightbridge Communications Corporation, Objectwise Consulting Group, Zen3 Infosolutions (America) Inc., Digital OnUS Inc., Eventus Solutions Group, LLC, The CJS Solutions Group, LLC, Tech Mahindra Credit Solutions Inc., HealthNxt Inc., Mad*Pow Media Solutions, LLC, Austin GIS Inc., Brainscale Inc., Activus Connect LLC and Activus Connect PR, Green Investments LLC (Allyis), Citisoft Inc., Saffronic Inc. and Born Group Inc. have not been consolidated. The non-consolidation of the abovementioned controlling interest subsidiaries is not in accordance with the group's accounting policies. The effects of this departure from the group's accounting policies on the Standalone Balance Sheet and Standalone Statement of Operations and Comprehensive Income, have not been determined.

The Corporation did not present the parent company only financial statements according to the proportionate share of the subsidiaries' net assets as required in the rare instances in which parent company financials are presented without accompanying consolidated financial statements.

**Other matters**

As discussed in various notes to the financial statements, the Corporation has had numerous transactions with the parent, Tech Mahindra Limited and affiliated companies. The departure from preparing the financial statements on the consolidation basis, implies that the financial statements includes all intercompany transactions and balances.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Standalone Supplemental Schedules of Revenue and Expenses on page 29 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information

has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tech Mahindra (Americas), Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tech Mahindra (Americas), Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tech Mahindra (Americas), Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CKH CPA's and Advisors, LLC
Atlanta, Georgia
April 21, 2023

# STANDALONE BALANCE SHEETS AS OF MARCH 31,

| | Notes | 2023 | 2022 |
|---|---|---|---|
| (All amounts are in USD) | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 3 | **5,245,732** | 8,168,697 |
| Accounts receivable, net | 4 | **12,527,722** | 3,326,050 |
| Employee advances | | **368,933** | 273,953 |
| Due from parent company | 23 | **66,823,904** | 28,919,453 |
| Due from affiliated companies | 5 | **10,001,094** | 4,053,480 |
| Prepaid expenses and other current assets | | **37,684,033** | 74,519,121 |
| Income tax receivable | | **-** | 9,504,317 |
| Notes receivable from affiliated companies | 5 | **6,000,000** | 26,438,932 |
| Equity securities | 11 | **1,558,703** | 637,638 |
| | | **140,210,121** | 155,841,641 |
| **Non-current assets** | | | |
| Goodwill, net | | **65,596** | 65,596 |
| Property and equipment, net | 7 | **24,725,992** | 18,114,164 |
| Intangible assets, net | 8 | **5,406,357** | 6,730,363 |
| Operating lease right-of-use assets | 19 | **9,580,416** | 6,041,252 |
| Investment in subsidiaries | 9 | **727,440,906** | 795,755,611 |
| Equity securities | 11 | **1,250,000** | 1,250,000 |
| Deferred tax asset | 6 | **53,648,411** | 25,041,288 |
| Security deposits | | **421,373** | 483,419 |
| Other assets | 12 | **37,814,328** | 43,231,535 |
| | | **860,353,379** | 896,713,228 |
| **Total assets** | | **1,000,563,500** | 1,052,554,869 |
| **Current liabilities** | | | |
| Accounts payable | | **40,514,137** | 36,456,558 |
| Accrued expenses and other current financial liabilities | 16 | **147,905,801** | 165,077,638 |
| Deferred revenue | | **171,478** | 302,500 |
| Due to parent company | 23 | **13,919,494** | 30,211,801 |
| Due to affiliated companies | 15 | **397,511** | 4,462,747 |
| Note payable to affiliated company | 14 | **-** | 13,221,409 |
| Short-term debt | 13 | **120,250,000** | 124,499,946 |
| Operating lease liabilities - short-term | 19 | **4,097,695** | 3,050,583 |
| Income tax payable | | **6,191,475** | - |
| Deferred compensation | | **3,788,503** | 1,904,976 |
| | | **337,236,094** | 379,188,158 |
| **Non current liabilities** | | | |
| Operating lease liabilities - long-term | 19 | **5,950,909** | 3,941,755 |
| Other non - current financial liabilities | 16 | **57,425,943** | 124,279,248 |
| | | **63,376,852** | 128,221,003 |
| **Total liabilities** | | **400,612,946** | 507,409,161 |
| **Stockholder's equity** | | | |
| Equity attributable to stockholder of the Corporation | | **599,950,554** | 545,145,708 |
| **Total liabilities and stockholder's equity** | | **1,000,563,500** | 1,052,554,869 |
| **Commitments and contingencies (Note 20)** | | | |

# STANDALONE STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME FOR THE YEARS ENDED MARCH 31, 2023 AND MARCH 31, 2022

| | Notes/ Schedules | 2023 | 2022 |
|---|---|---|---|
| (All amounts are in USD) | | | |
| Revenue | I | 1,201,366,629 | 1,100,056,945 |
| **Operating expenses** | | | |
| Personnel | II | 591,225,604 | 555,957,265 |
| Subcontracting expenses | III | 357,842,408 | 307,430,018 |
| Software, hardware and project specific expenses | | 115,617,717 | 103,646,838 |
| General and administrative and other expenses | IV | 41,402,219 | 48,198,799 |
| Movement in doubtful provision | | -50,366 | 889,990 |
| Amortization | 8 | 1,324,006 | 1,906,737 |
| Depreciation | 7 | 14,825,078 | 11,532,823 |
| **Total operating expenses** | | 1,122,186,666 | 1,029,562,470 |
| **Operating income** | | 79,179,963 | 70,494,475 |
| **Non-operating income (expenses):** | | | |
| Other income | | 3,345,746 | 423,468 |
| Dividend income | | 44,200,000 | - |
| Impairment of investment in subsidiaries | | -96,486,613 | -4,078,808 |
| Impairment of notes and other receivables issued to affiliated companies | 5 | - | |
| Interest income | | 461,376 | 170,637 |
| Interest expenses | | -7,807,482 | -3,713,415 |
| Finance costs | | -590,920 | -1,082,342 |
| Change in fair value of contingent consideration | | 6,546,250 | 4,692,681 |
| **Income before income tax expense** | | 28,848,320 | 75,064,312 |
| Income tax expense | 6 | -459,107 | -15,606,048 |
| **Net income** | | 28,389,213 | 59,458,264 |
| **Other comprehensive loss:** | | | |
| Profit on hedge activity | | 2,341,935 | 2,292,069 |
| **Comprehensive income** | | 30,731,148 | 61,750,333 |

All revenue and profit for the year is generated from continuing operations.

# STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2023 AND MARCH 31, 2022

| (All amounts are in USD) | **2023** | 2022 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net income | **28,389,213** | 59,458,264 |
| **Adjustments to reconcile net income to net cash (used in) provided by operating activities:** | | |
| Amortization | **1,324,006** | 1,906,737 |
| Depreciation | **14,825,078** | 11,532,823 |
| Deferred income tax (benefit) expense | **-28,607,123** | 4,206,276 |
| Provision for losses on accounts receivables | **50,366** | 889,990 |
| Impairment of investment in subsidiaries Impairment of notes issued to affiliated companies | **96,486,613** | - (4,078,808) |
| Change in fair value of contingent consideration | **-6,546,250** | -4,692,681 |
| Finance cost | **590,920** | 1,082,342 |
| Deferred contract costs - amortization of other asset | **40,084,145** | 40,084,145 |
| Lease expense | **4,134,869** | 4,286,525 |
| Deferred compensation | **1,883,527** | 1,904,976 |
| **(Increase) decrease in operating assets** | | |
| Accounts receivable, net | **-9,252,038** | 1,133,072 |
| Employee advances | **-94,980** | -214,855 |
| Due from parent company | **-37,904,451** | 82,578,495 |
| Due from affiliated companies | **-5,947,614** | -2,746,352 |
| Prepaid expenses and other current assets | **36,835,088** | -27,526,560 |
| Income tax receivable / payable | **9,504,317** | -1,144,114 |
| Security deposits and other assets | **62,046** | -26,938 |
| **Increase (decrease) in operating liabilities** | | |
| Accounts payable | **4,057,579** | 24,786,247 |
| Accrued expenses and other current liabilities, net of contingent consideration | **-10,625,587** | 30,104,458 |
| Deferred revenue | **-131,022** | -124,700 |
| Due to parent company | **-16,292,307** | 2,542,315 |
| Due to affiliated companies | **-4,065,236** | -846,153 |
| Operating lease payments | **-4,617,767** | -3,731,345 |
| Other non – current financial liabilities, net of contingent consideration | **-64,453,615** | -47,273,368 |
| Income tax payable | **6,191,475** | - |
| **Net cash provided by operating activities** | **55,881,252** | 174,090,791 |
| Cash flows from investing activities | | |
| Capital expenditures | **-21,436,906** | -16,594,607 |
| Investment in subsidiaries, associates and financial asset | **-29,092,973** | -449,389,754 |
| Movements in notes receivable from affiliated companies | **20,438,932** | -15,360,124 |
| Proceeds from liquidation of shares in equity securities | **-** | 10,000,000 |
| Proceeds from merger transaction with related entity by common control | **-** | 4,326,860 |
| **Net cash used in investing activities** | **-30,090,947** | -467,017,625 |

| | | |
|---|---|---|
| **Cash flows from financing activities** | | |
| Net borrowings from short-term debt | **-4,249,946** | -7,500,054 |
| Note payable to affiliated company | **-13,221,409** | 8,221,409 |
| Common stock issued | **24,073,698** | 200,000,000 |
| Contingent consideration | **-35,315,613** | 93,702,521 |
| **Net cash (used in) provided by financing activities** | **-28,713,270** | 294,423,876 |
| Increase (decrease) in cash and cash equivalents | **-2,922,965** | 1,497,042 |
| Cash and cash equivalents at beginning of year | **8,168,697** | 6,671,655 |
| **Cash and cash equivalents at end of year** | **5,245,732** | 8,168,697 |
| **Supplemental disclosure of cash flow information:** | | |
| Cash paid for interest | **-7,207,333** | -1,521,955 |
| Cash paid for income taxes | **-14,271,992** | -15,896,355 |

# STANDALONE STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY FOR THE YEARS ENDED MARCH 31, 2023 AND MARCH 31, 2022

| (All amounts are in USD) | Notes | Common stock | Additional paid in capital | Accumulated other comprehensive income / (loss) | Accumulated retained earnings | Total stockholder's equity |
|---|---|---|---|---|---|---|
| **Balance at April 1, 2021** | | **170,521,745** | **(4,050,493)** | **(1,256,169)** | **113,853,432** | **279,068,515** |
| Net income | | - | - | - | 59,458,264 | 59,458,264 |
| Other comprehensive income | | - | - | 2,292,069 | - | 2,292,069 |
| Merger transaction with related entity by common control | | - | 4,326,860 | - | - | 4,326,860 |
| Common stock issued and additional capital raised | | 129,870,129 | 70,129,871 | - | - | 200,000,000 |
| **Balance at March 31, 2022** | | **300,391,874** | **70,406,238** | **1,035,900** | **173,311,696** | **545,145,708** |
| Net income | | - | - | - | 28,389,213 | 28,389,213 |
| Other comprehensive income | | - | - | 2,341,935 | - | 2,341,935 |
| Additional capital raised | | - | 24,073,698 | - | - | 24,073,698 |
| **Balance at March 31, 2023** | | **300,391,874** | **94,479,936** | **3,377,835.00** | **201,700,909** | **599,950,554** |

# NOTES TO, AND FORMING PART OF, THE STANDALONE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED MARCH 31, 2023 AND MARCH 31, 2022

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (A) NATURE OF OPERATIONS

Tech Mahindra (Americas) Inc. (“TMA” or “the Corporation”), is a wholly owned subsidiary of Tech Mahindra Limited (“TML”), which is incorporated in the Republic of India. TMA was incorporated in the State of New Jersey on November 29, 1993, and provides computer consulting and programming support services.

On March 6, 2012, TMA formed Tech Talenta, Inc. (“TechT”). TechT is a Texas corporation, which is 100% owned (500,000 shares of $1.00 par value) by TMA and is accounted for on the cost method. TechT is engaged in the business of recruitment, fulfillment and ongoing management of local temporary contractor resources in the areas of IT Development, Product Engineering, IT System Support and Operations for clients across North America. On February 28, 2022, TMA merged with TechT (“Parent-Sub-Merger”) where TMA shall be the surviving corporation in the Parent-Sub-Merger and has received all of the property, rights, privileges, franchises, patents, trademarks, trade name, licenses and other assets of TechT. Refer to Note 21 for merger accounting disclosure.

The Corporation acquired a 100% investment in Lightbridge Communications Corporation which was merged with Tech Mahindra Network Services International, Inc. (“TMNSI”), a Delaware Corporation on February 6, 2015, which is accounted for on the cost method. TMNSI provides integrated end-to-end solutions for wireless voice and data communications networks with offerings ranging from high level technical consulting to system design and optimization services, ongoing operations and maintenance services, and deployment services. In order to have a minimum of two shareholders and keeping in view the plan to merge LCC with TMNSI, the one share held by LCC in LCC Central America de Mexico, SA de CV (“LCC Mexico”) was transferred to the Corporation taking effect from December 20, 2022.

On March 3, 2015, TMA purchased 600,000 shares of Series A preferred stock of $0.001 par value per share of Avion Networks, Inc. (“Avion”), a Delaware corporation. Avion is in the business of providing engineering and technology services to customers in the telecommunication industry. TMA owns 30% of Avion and accounts for this investment under the equity method. The carrying value of investment was $ nil for both March 31, 2023 and 2022 after management carried out an impairment test which resulted in the impairment of the carrying value in Avion amounting to $3 million. Consequently, the Corporation recognized $ nil and $ nil of after-tax income from Avion during both years ended March 31, 2023 and 2022.

On May 4, 2017 the Corporation acquired The CJS Solutions Group, LLC and its Subsidiaries (“CJS Group”) through a merger with TM Merger Sub LLC, a Florida Limited Liability Company. CJS is a consulting firm that specializes in providing resources to plan, manage, build, optimize and generally assist in the implementation of electronic medical records system (“EMR”) in hospitals and health care systems.

On July 31, 2019, TMA acquired Mad*Pow Media Solutions, LLC. (“Mad*Pow”), a Delaware Limited Liability Company. Mad*Pow is a consulting business that specializes in providing strategic user-centric design services and digital solutions to a diverse client base across various industries throughout the United States.

In October 2019 TMA’s newly formed Canadian subsidiary, Tech Mahindra Canada, Inc. acquired 100% interest in Tech Mahindra Consulting Group Inc. (“TMCG”), previously know as Objectwise Consulting Group Inc. Subsequent to the acquisition Tech Mahindra Canada, Inc. amalgamated with TMCG as the surviving entity and subsequently the name of Objectwise Consulting Group Inc. was changed to Tech Mahindra Consulting Group Inc.

On April 8, 2020 an amended purchase agreement was executed between the Corporation and the sellers of Zen3 Infosolutions America Inc. (incl. subsidiaries) (“Zen 3”). Zen3 is an AI-first, data-driven, cloud-native organization who works with several leading companies in the world to solve their unique technology challenges. Their customized solutions helps clients lead their industry in innovation, increase operational efficiency, reduce costs, and outperform competition. The amount of earnout obligations remaining as at March 31, 2023 and 2022 was $10.2 million and $11.6 million, respectively. As of March 31, 2023 this investment is wholly owned by TMA.

During December 2020, TMA contributed capital of $100,000 towards a newly formed subsidiary, Tech Mahindra Credit Solutions Inc. (“TMCS”). As of March 31, 2023 this investment is wholly owned by TMA.

On April 27, 2021, TMA formed HealthNxt, a Company incorporated in the State of Delaware. HealthNxt Inc. is a virtual healthcare company that provides a fully integrated inpatient experience at home.

The Corporation acquired DigitalOnUs, Inc. (“DoU”), a Company incorporated in Delaware, along with its subsidiaries in Canada and Mexico on May 7, 2021. DoU is a hyper-specialized services company enabling digital transformations for enterprise customers. With an area of focus on cloud-native development, Hybrid cloud infrastructure automation and SRE automation for operation. The amount of earnout obligations remaining as at March 31, 2023 and 2022 was $15.3 million and

$27.9 million, respectively. As of March 31, 2023 this investment is wholly owned by TMA.

The Corporation acquired Eventus Solutions Group, LLC (“Eventus”), a Colorado Limited Liability Company on June 18, 2021. Eventus offers end-to-end customer engagement solutions, such as consulting, cloud-based tools and automation services, and managed services. The amount of earnout obligations remaining as at March 31, 2023 and 2022 was $8.9 million and $8.6 million, respectively. As of March 31, 2023 this investment is wholly owned by TMA.

The Corporation acquired 13.8% of the equity shareholding in Austin GIS on August 26, 2021. Austin GIS is a loT/5G (Internet of Things) services provider that specializes in providing a wholistic Infrastructure as a Service (IaaS) solution offering. The entity was incorporated in 2021.

The Corporation acquired Brainscale Inc.(“Brainscale”), a Company incorporated in New Jersey on November 17, 2021. Brainscale is a Cloud focused business with expertise in Cloud Consulting, Enablement, Application Development and Data Analytic, headquartered in Princeton, New Jersey. The amount of earnout obligations remaining as at March 31, 2023 and 2022 was $7.2 million and $12 million, respectively. As of March 31, 2023 this investment is wholly owned by TMA.

The Corporation acquired 100% of the equity shareholding in Infostar LLC (“Lodestone”), a California Limited Liability Company, on October 25, 2021. Lodestone is a consulting firm which provides testing of we band mobile software products including providing quality assurance services to data intensive intelligence and machine learning products, software and hardware products and platforms to large corporations globally. On September 16, 2022 Lodestone merged into the Corporation transferring all net assets resulting in the reversal of the investment and recognition of a related impairment loss expense. The balance of the investment is reported at $ nil, refer to Note 21 for further details. The amount of earnout obligations remaining as at March 31, 2023 and 2022 was $21.9 million and $34.2 million, respectively. This company was merged with TMA effective September 16, 2022.

The Corporation acquired Activus Connect LLC, a Florida Limited Liability Company, and Activus Connect PR LLC (“Activus Group”) on December 3, 2021 Activus Connect is a leading provider of work at home customer experience management solutions and is headquartered in Orlando, Florida. The amount of earnout obligations remaining as at March 31, 2023 and 2022 was $12.6 million and $4.7 million, respectively. As of March 31, 2023 this investment is wholly owned by TMA.

The Corporation acquired Green Investments LLC, a Washington Limited Liability Company, (incl. subsidiaries) (“Allyis”) on December 31, 2021. Allyis offers technology consulting and managed services that helps organizations reduce costs, improve performance, and meet their unique objectives and is headquartered in Seattle. The amount of earnout obligations remaining as at March 31, 2023 and 2022 was $6.8 million and $19.1 million, respectively. As of March 31, 2023 these investments are wholly owned by TMA. Green Investments LLC merged with Allyis Inc. effective July 1, 2022.

The Corporation acquired 100% of the equity shareholding in Citisoft Inc. (“Citisoft”), a Company Incorporated in Delaware, on February 28, 2022. Prior to the TMA acquisition it was a 100% subsidiary of Citisoft Ltd, UK which was a 100% subsidiary of Tech Mahindra Limited. Citisoft provides computer related services in the consulting sector.

Saffronic Inc. (“Saffronic”)became a wholly owned subsidiary of the Corporation following a capital contribution on September 9, 2022. The balance of the investment was reported at $1,000 at March 31, 2023.

Born Group Inc (“Born”) previously held ulimately by Tech Mahindra Limited, became a subsidiary of TMA through a capital contribution of shares of Born from the parent on September 16, 2022. Born develops and implements strategies for customers to grow profitably in a borderless, digitally-and-physically connected world.

**(B) BASIS OF PRESENTATION**

The standalone financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP") with the exception as stated

TMA have investments in subsidiaries which are listed in Note 9. US GAAP require that all subsidiaries should be consolidated, and consolidated financial statements should be presented. Consolidated financial statements are the general-purpose financial statements of a parent company that has one or more subsidiaries. In certain circumstances, parent company-only financial statements may be required in addition to consolidated financial statements. ASC 810-10-45-11 permits presentation of parent company financial statements as a supplement to the consolidated financial statements when such a presentation is the most effective means of presenting pertinent information. The parent company-only financial statements are being presented without accompanying consolidated financial statements which is not accordance with US GAAP. Accordingly, these financial statements are not the general-purpose financial statements of the reporting entity, TMA.

The Corporation did not present the parent company only financial statements according to the proportionate share of the subsidiaries' net assets as required in the rare instances in which parent company financials are presented without accompanying consolidated financial statements.

**(C) USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates and assumptions made by management include the determination of recognition of revenue, valuations of privately held equity securities and amortization of assets recognized. The Corporation bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the result of which forms the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from those estimates.

**(D) CASH AND CASH EQUIVALENTS**

Cash represents current accounts and demand deposits held at financial institutions. The Corporation considers all highly liquid investments with a maturity, when purchased, of three months or less to be cash equivalents. Cash equivalents include short-term highly liquid investments of sufficient credit quality that are readily convertible to known amounts of cash and have original maturities of three months or less. Cash equivalents are carried at cost, plus accrued interest, which approximates fair value. Cash equivalents are held to meet short-term liquidity requirements, rather than for investment purposes. Cash and cash equivalents are held at major financial institutions and are subject to credit risk to the extent those balances exceed applicable Federal Deposit Insurance Corporation (FDIC) limitations.

**(E) ACCOUNTS RECEIVABLE**

Accounts receivable consist of amounts due from customers on revenue contracts contracted directly by TMA and is recorded on the balance sheet as "Accounts receivables, net". As of March 31, 2023 and 2022 the allowance for doubtful accounts was $1,424,441 and $1,629,154, respectively. Accounts receivables for services rendered to the parent company under the service contract are recorded separately on balance sheet as "Due from parent company". TML assumes the business and entrepreneurial risks relating to all customer transactions.

**(F) EQUITY METHOD INVESTMENTS**

The Corporation accounts for investments in which it has significant influence but not a controlling financial interest using the equity method of accounting. Equity method investments are classified as "Equity Method Investments" in the balance sheet. As of March 31, 2023 and 2022 the Corporation does not hold any equity method investments.

**(G) EQUITY SECURITIES**

The Corporation holds strategic investments in privately held equity securities in which the Corporation does not have a controlling interest or significant influence. Privately held equity securities without a readily determinable fair value are recorded at fair value as described. If, based on the terms of these privately held securities, the Corporation determines that the Corporation exercises significant influence on the entity to which these securities relate, the Corporation will apply the equity method of accounting for such investments.

Privately held equity securities are valued using significant unobservable inputs or data in an inactive market and the valuation requires the Corporation's judgment due to the absence of market prices and inherent lack of liquidity. The carrying value is not adjusted for the Corporation's privately held equity securities if there are no observable price changes in a same or similar security from the same issuer or if there are no identified events or changes in circumstances that may indicate impairment, as discussed below. In determining the estimated fair value of its strategic investments in privately held companies, the Corporation utilizes the most recent data available to the Corporation. Valuations of privately held companies are inherently complex due to the lack of readily available market data. In addition, the determination of whether an orderly transaction is for a same or similar investment requires significant management judgment including the nature of rights and obligations of the investments, the extent to which differences in those rights and obligations would affect the fair values of those investments, and the impact of any differences based on the stage of operational development of the investee.

The Corporation regularly assesses its privately held equity securities strategic investment portfolio for impairment. The Corporation's impairment analysis encompasses an assessment of the severity and duration of the impairment and qualitative and quantitative analysis of other key factors including the investee's financial metrics, the investee's products and technologies meeting or exceeding predefined milestones, market acceptance of the product or technology, other competitive products or technology in the market, general market conditions, management and governance structure of the investee, the investee's liquidity, debt ratios and the rate at which the investee is using its cash.

**(H) PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost and depreciated using the straight-line method over an estimated useful life of three to five years.

**(I) DEFERRED CONTRACT COST**

Deferred contract cost is amortized at cost and depreciated using the straight-line method over an estimated useful life of three to five years.

**(J) REVENUE AND EXPENSES**

Revenue from Contracts with Customers, which requires a corporation to recognize revenue when the corporation transfers control of promised goods and services to the customer. Revenue is recognized in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. A corporation also is required to disclose sufficient quantitative and qualitative information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Corporation determines the amount of revenue to be recognized through application of the following steps:

- Identification of the contract, or contracts with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as the Corporation satisfies the performance obligations.

TMA have entered in agreement with TML according to which TML have appointed TMA as a contract service provider for providing onsite software development services ("contract service provider agreement" or "agreement"). According to the terms of the agreement:

- TML will be securing contracts from customers for software development/modification of software and other related services to customers based in the USA.
- TMA in certain cases may enter into contracts with customers based in the USA in its own name and will render the agreed onsite services to TML.
- In respect of all contracts entered with customers, the entire underlying risk and rewards of such contracts shall be with TML alone.
- Costs which are not in relation to provision of service but emanate out of or due to the contracts, will also be reimbursed by TML.

**(J) REVENUE AND EXPENSES (CONTINUED)**

TML pays remuneration to TMA for its services as contract service provider, on a cost-plus basis. This remuneration represents revenue for TMA.

In those cases when TMA may enter into contracts with customers in its own name, TMA recognizes respective revenue and accounts receivables from contract with customers in its books, however since according to the contract service provider agreement the entire underlying risk and rewards of such contracts is with TML alone and this revenue is fully repaid to TML, this revenue is fully netted and presented on net basis in these financial statements.

Amounts of remuneration for provision of services in accordance with the contract service provider agreement are recorded as revenue in the statement of operations. Accounts receivables due from TML in accordance with this agreement are recorded as “Due from parent company”.

TMA fully repays revenue contracted directly by TMA to TML. Accounts payable due to TML for revenue contracted directly by TMA are recorded in “Due to parent company” on the balance sheet.

**Expenses are recorded when incurred.**

**(K) UNBILLED REVENUE**

Unbilled revenue include revenue recognized in relation to efforts incurred on time and material contracts not billed as of the end of the reporting period and where services have been performed in accordance with the terms of respective contracts with customers.

**(L) INCOME TAXES**

TMA accounts for income taxes using Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes. Under FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SB ASC 740 the effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. TMA records valuation allowances against deferred tax assets as deemed necessary.

Per FASB ASC 740-10-20, the Corporation follows the recognition requirements for uncertain tax positions as required by generally accepted accounting principles in the United States of America. Income tax benefits are recognized for income tax positions taken on expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Corporation has analyzed tax positions taken for filing with the Internal Revenue Service (IRS) and all state jurisdictions where it operates.

In accordance with guidance in ASC 740-10-30-27, the Corporation uses a “separate return” method to allocate current and deferred taxes or benefits to members of the consolidated return group (“TMA and subsidiaries”) by applying ASC 740 to each member as if they were separate tax payers. Under the “separate return” method, the subsidiary is assumed to file a separate return with the taxing authority, thereby reporting its taxable income or loss and paying the applicable tax to or receiving the appropriate refund from the parent. Management concluded that no provision for income tax is required in the Corporation’s financial statements as a result of uncertain tax positions.

**(M) RELATED PARTIES**

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the party in making financial and operational decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise).

**(N) FINANCIAL INSTRUMENTS**

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. 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 of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

**Derivative financial instruments**

The Corporation, when deemed appropriate, uses derivatives as a risk management tool to mitigate the potential impact of certain market risks. The primary market risks managed by the Corporation through the use of derivative instruments is interest rate risk. All derivatives are carried at fair value in our balance sheet in the following line items, derivative financial liabilities as applicable. The cash flow impact of the Corporation's derivative instruments is primarily included in the statement of cash flows in net cash provided by operating activities.

Derivative financial instruments are used by the Corporation principally in the management of its interest rate exposures. The Corporation does not hold or issue derivative financial instruments for trading purposes. For derivative instruments that are designated and qualify as cash flow hedges, the gain or loss on the effective portion of the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings.

**(O) FAIR VALUE - DEFINITION AND HIERARCHY**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In determining fair value, the Corporation uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation techniques used by the Corporation to determine fair value are consistent with the income approaches. The Corporation determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access

- Level 2 – Valuations based on inputs, other than quoted prices included in Level 1, that are observable either directly or indirectly

- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Fair value is a market-based measure, based on assumptions of prices and inputs considered from the perspective of a market participant that are current as of the measurement date, rather than an entity-specific measure. Therefore, even when observable inputs are not readily available, the Corporation's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the Corporation in determining fair value is greatest for investments categorized in Level 3. In some cases, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In such cases, the fair value measurement is generally categorized in its entirety in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

**(P) LEASES**

The Corporation is a lessee in several non-cancellable operating leases, primarily for office space. The Corporation accounts for leases in accordance with ASC Topic 842, Leases. The Corporation determines if an arrangement is or contains a lease at contract inception. The Corporation recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date.

Operating leases are included in operating lease ROU assets, current operating lease liabilities, and long-term operating lease liabilities on the balance sheet. Operating lease ROU assets and liabilities are recognized at the commencement date of an arrangement based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payments made to the lessor prior to lease commencement, less any lease incentives, and initial direct costs incurred. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The Corporation enters into long-term contracts to lease office space in support of company operations and these have all been determined to represent operating leases.

ROU assets for operating and finance leases are periodically reduced by impairment losses. The Corporation uses the long-lived assets impairment guidance in ASC Subtopic 360-10, Property, Plant, and Equipment – Overall, to determine whether a ROU asset is impaired, and if so, the amount of the impairment loss to recognize.

**(Q) COMMITMENTS AND CONTINGENCIES**

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

**(R) RECLASSIFICATIONS**

The Corporation has reclassified certain amounts relating to its prior period results to conform to its current period presentation. These changes were mainly made from the Cash Flow Statement which resulted in a reclassification of the contingent consideration between operating and investing activities and Supplemental Schedules of Revenue and Expenses which was reclassified between expense types. These changes have not impacted the results of operations of prior periods.

**2 SIGNIFICANT RISKS AND UNCERTAINTIES INCLUDING BUSINESS AND CREDIT CONCENTRATIONS**

The Corporation is subject to credit risk to the extent any financial institution or customer with which it conducts business is unable to fulfil contracted obligations on its behalf. Management monitors the financial condition of those financial institutions and counterparties.

The Corporation’s financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, amounts due from the parent company and equity securities.

As described in Note 1 (j), TMA entered in agreement with TML according to which TML have appointed TMA as a contract service provider for providing onsite software development services. Accordingly, all revenue of TMA comes from TML, the parent company of TMA. For the summary of all transactions of TMA with TML, refer to Note 23.

Total amount of revenue recorded for the year ended March 31, 2023 and 2022 was $1,201,366,629 and $1,100,056,945, respectively. Total amount due from the parent company as of March 31, 2023 and 2022 was $66,823,904 and $27,261,276, respectively. Total amount of revenue, which was directly contracted by TMA and remitted to the Parent company for the year ended March 31, 2023 and 2022 amounted to $31,964,196 and $14,977,856, respectively.

For information about revenue and accounts receivables concentration, on revenue contracted directly by TMA, refer to Note 4.

**3 CASH AND CASH EQUIVALENTS**

| As of March 31, cash and cash equivalents consisted of the following: | 2023 | 2022 |
|---|---|---|
| Current accounts with banks | 3,245,732 | 5,168,697 |
| Money market mutual funds | 2,000,000 | 3,000,000 |
| | 5,245,732 | 8,168,697 |

The Corporation places its cash on deposit with financial institution in the United States of America. Cash and cash equivalents are subject to credit risk to the extent those balances exceed applicable Federal Deposit Insurance Corporation limitations. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts. As of March 31, 2023 and 2022, the Corporation had $2,282,881 and $4,014,195 respectively with financial institutions in excess of the federally insured limit. See Note 1(d). for accounting treatment.

**4 ACCOUNTS RECEIVABLE, NET**

TMA in certain cases may enter into contracts with customers based in the USA in its own name and will render the agreed onsite services to TML. Revenue contracted directly by TMA and subsequently transferred back to TML has been treated as agency transactions for the purpose of these financial statements and accordingly presented on net basis.

| As of March 31, cash and cash equivalents consisted of the following: | 2023 | 2022 |
|---|---|---|
| As of March 31, accounts receivable consisted of the following: | 8,498,601 | 3,903,871 |
| Amounts due for services rendered and billed | (1,424,441) | (1,629,154) |
| Allowance for doubtful accounts | 7,074,160 | 2,274,717 |
| Amounts due for services rendered and billed, net | 5,453,562 | 1,051,333 |
| Amounts due for services rendered, not billed | 12,527,722 | 3,326,050 |

Bad debt write-off was $810,347 and $51,654 for the years ended March 31, 2023 and March 31, 2022, respectively.

**(A) - TRADE RECEIVABLES: CREDIT RISK**

The credit periods offered to customers vary according to the credit risk profiles of, and the invoicing conventions established in, the entity’s markets. The contractual terms on invoices issued to customers vary and are payable upon receipt or immediate to within 120 days.

Aging analysis of trade receivables, is as follows:

| | Less than 30 days | Between 30 to 60 days | More than 60 | Total |
|---|---|---|---|---|
| Accounts receivable, gross as of March 31, 2023 | 6,270,842 | 192,684 | 2,035,075 | 8,498,601 |
| Accounts receivable, gross as of March 31, 2022 | 1,083,110 | 873,330 | 1,947,431 | 3,903,871 |

**(B) - REVENUE CONTRACTED DIRECTLY BY TMA AND ACCOUNTS RECEIVABLES CONCENTRATION**

The Corporation provides services to customers in diversified customer base and geographic regions and, therefore, has low concentration of credit risk. The Corporation continuously evaluates the credit worthiness of its customers and generally does not require collateral.

The following are customer concentration for revenue for the year ended March 31, 2023 and billed accounts receivable as at March 31, 2023.

**Accounts receivable concentration as of March 31, 2023**

| | | Amount | Concentration, % |
|---|---|---|---|
| Customer 1 | $ | 4,900,256 | 58% |
| Customer 5 | $ | 411,643 | 5% |
| Customer 2 | $ | 351,092 | 4% |

**Concentration of revenue contracted directly by TMA for the year ended March 31, 2023**

| | | Amount | Concentration, % |
|---|---|---|---|
| Customer 1 | $ | 15,252,203 | 48% |
| Customer 2 | $ | 2,892,181 | 9% |
| Customer 3 | $ | 2,238,099 | 7% |

The following are customer concentration for revenue for the year ended March 31, 2022 and billed accounts receivable as at March 31, 2022.

**Accounts receivable concentration as of March 31, 2022**

| | | Amount | Concentration, % |
|---|---|---|---|
| Customer 2 | $ | 793,765 | 21% |
| Customer 3 | $ | 446,000 | 12% |
| Customer 4 | $ | 302,500 | 8% |

**Concentration of revenue contracted directly by TMA for the year ended March 31, 2022**

| | | Amount | Concentration, % |
|---|---|---|---|
| Customer 1 | $ | 3,623,487 | 25% |
| Customer 4 | $ | 2,244,000 | 16% |
| Customer 5 | $ | 1,245,695 | 9% |

## 5 NOTES RECEIVABLE/ DUE FROM AFFILIATED COMPANIES

### (a) - Notes Receivable from Affiliated Companies

Notes receivable from affiliated companies consist of the following as of March 31, 2023:

| Affiliated company | Note amount | Accrued interest | 2023 | 2022 |
|---|---|---|---|---|
| Leadcom Integrated Solutions | 6,000,000 | 9,351 | 6,009,351 | - |
| Tech Mahindra Network Services International, Inc. | 32,000,000 | - | - | 3,150,713 |
| Tech Mahindra Network Services International, Inc. | 2,000,000 | - | - | 2,025,267 |
| Tech Mahindra Network Services International, Inc. | 1,500,000 | - | - | 1,514,283 |
| Comviva Technologies Americas Inc. | 20,000,000 | - | - | 20,030,655 |
| Notes receivable from Affiliated Companies | 6,000,000 | | 26,438,932 | 26,438,932 |
| Accrued interest | | | 9,351 | 281,986 |
| **Total** | | | 6,009,351 | 26,720,918 |

All notes receivable from affiliated companies are unsecured, with maturity less than one year and carry interest at market rates ranging between Libor + 1% and Libor +2%. Accrued interest income from notes receivable from affiliated companies is included in prepaid expenses and other current assets.

### (b) - Due from affiliated companies

The balance due from affiliates includes a balance of $10,001,094 (2022: $4,053,480) which is net of provision.

## 6 INCOME TAXES

TMA accounts for income taxes under the provisions of the FASB ASC 740, Income Taxes , as described in Note 1(l) above.

Current income tax expense consists of the following:

| Current income tax expense consists of the following: | 2023 | 2022 |
|---|---|---|
| Federal | **23,102,622** | 10,524,448 |
| State | **6,973,204** | 4,119,752 |
| | **30,075,826** | 14,644,200 |

| Deferred income tax expense (benefit) consists of the | 2023 | 2022 |
|---|---|---|
| Federal | **(22,298,016)** | 67,478 |
| State | **(7,318,703)** | 894,370 |
| Total | **(29,616,719)** | 961,848 |
| Total current and deferred income tax expense | **459,107** | 15,606,048 |

| Current income tax expense consists of the following: | 2023 | 2022 |
|---|---|---|
| Federal | **42,369,586** | 21,081,166 |
| State | **11,278,825** | 3,960,122 |
| | **53,648,411** | 25,041,288 |

The income tax expense for the ended can be reconciled to the accounting profit as follows:

| **The income tax expense for the ended can be reconciled to the accounting profit as follows:** | **2023** | **2022** |
|---|---|---|
| Applicable statutory income tax rate | **21%** | 21% |
| Income before income tax expense | **28,848,320** | 75,064,312 |
| Expected income tax expense | **6,058,147** | 15,763,506 |
| Actual income tax expense | **459,107** | 15,606,048 |
| Difference between actual and expected expense: | **(5,599,040)** | (157,458) |
| Impairment of investments | **20,262,188** | - |
| Other permanent differences | **8,276** | 1,350,069 |
| Other comprehensive income hedge | **(491,806)** | (481,334) |
| Dividend income | **(9,282,000)** | - |
| Research and development tax credits | **(3,881,000)** | (3,047,000) |
| State taxes | **1,203,700** | 4,420,808 |
| Other comprehensive income  reclassification | **-** | (2,400,000) |
| Deferred tax recognized on goodwill acquired | (13,418,398) | **-** |
| | **(5,599,040)** | (157,457) |

In the ordinary course of business there are many transactions with affiliated companies that affect the calculation and estimation of the Corporation's tax liability. Although management believes that the Corporation's tax estimates are reasonable, there is no assurance that the final determination of tax liability will not be different from what is reflected in the Corporation's historical income tax provisions and accruals. As of March 31, 2023, the Corporation's tax years from 2016 to 2023 are open for examination by Federal and state tax authorities.

The Corporation is involved in a state tax audit linked to the state of California, at present the final order is awaited from the authorities, an appeal had been filed and received by the IDR with all submissions being made. During March 2018 TMA provided for an amount of $3 million. As of March 31, 2023, the provision is still deemed as reasonable.

**7 PROPERTY AND EQUIPMENT**

Property and equipment, net, consisted of the following as of March 31,

| | **2023** | **2022** |
|---|---|---|
| Plant and machinery | **26,764,034** | 26,764,034 |
| Computer and software | **92,682,479** | 71,895,004 |
| Furniture and equipment | **1,937,837** | 1,747,236 |
| Leasehold improvements | **1,404,822** | 1,404,822 |
| Office equipment | **1,458,441** | 1,378,289 |
| Accumulated depreciation | **(99,521,621)** | (85,075,221) |
| | **24,725,992** | 18,114,164 |

Reconciliation of carrying value of property and equipment for the year ended March 31, was as follows:

| | **2023** | **2022** |
|---|---|---|
| Carrying value at the beginning of the year | **18,114,164** | 13,052,380 |
| Additions | **21,436,906** | 16,594,607 |
| Disposals | **-** | - |
| Accumulated depreciation on disposals | **-** | - |
| Depreciation | **(14,825,078)** | (11,532,823) |
| Carrying value at the end of the year | **24,725,992** | 18,114,164 |

**8 INTANGIBLE ASSETS ACQUIRED THROUGH BUSINESS COMBINATIONS**

At March 31, intangible assets are summarized as follows:

| | 2023 | 2022 |
|---|---|---|
| Customer lists | **23,424,422** | 23,424,422 |
| Accumulated amortization | **(18,018,065)** | (16,694,059) |
| | **5,406,357** | 6,730,363 |

The total amortization expense recognized for the twelve months ending March 31, 2023 and for the twelve months ending March 31, 2022 was $1,324,006 and $1,906,737 respectively.

**9 INVESTMENTS IN SUBSIDIARIES**

| | 2023 Shareholding | 2022 Shareholding | 2023 | 2022 |
|---|---|---|---|---|
| Tech Mahindra Network Services International, Inc. | **100%** | 100% | **159,021,946** | 159,021,946 |
| Tech Mahindra Healthcare Systems Holdings LLC ("CJS") | **100%** | 100% | **104,162,140** | 104,162,140 |
| Madpow Media Solutions | **100%** | 88% | **18,324,430** | 28,324,430 |
| Tech Mahindra Consulting Group | **100%** | 100% | **1,805,691** | 1,805,691 |
| Zen3 Infosolutions (America) Inc. | **100%** | 100% | **51,339,287** | 51,339,287 |
| Tech Mahindra Credit Solutions Inc. | **100%** | 100% | **100,000** | 100,000 |
| HealthNxt Inc. | **100%** | 100% | **6,400,001** | 5,400,001 |
| Digital Onus Inc. | **100%** | 100% | **117,470,006** | 117,986,260 |
| Eventus Solutions Group, LLC | **100%** | 100% | **49,850,445** | 46,490,998 |
| Brainscale Inc. | **100%** | 100% | **21,749,156** | 22,353,322 |
| Infostar LLC ("Lodestone") | **0%** | 100% | **-** | 91,166,210 |
| Activus Connect LLC | **100%** | 100% | **52,594,442** | 44,861,504 |
| Green Investments LLC, Allyis Inc. | **100%** | 100% | **107,984,364** | 110,179,522 |
| Citisoft Inc. | **100%** | 100% | **12,564,300** | 12,564,300 |
| Saffronic Inc. | **100%** | 0% | **1,000** | - |
| Born Group Inc. | **100%** | 0% | **24,073,698** | - |
| Netops.AI Inc.* | **100%** | 0% | **-** | |
| | | | **727,440,906** | 795,755,611 |

*On August 16, 2022 Netops.AI Inc. was incorporated by the Corporation in the state of Deleware. As of March 31, 2023 this investment is wholly owned by TMA.

Refer to footnote 1(a) for a description of the listed investments.

**10 EQUITY METHOD INVESTMENTS**

| | 2023 | 2022 |
|---|---|---|
| Avion Systems, Inc. | **3,000,000** | 3,000,000 |
| Investment cost | **33,676** | 33,676 |
| Profit receivable from associate | **(3,033,676)** | (3,033,676) |
| Provision Carrying value | **-** | - |

Refer to footnote 1(a) for a description of the listed investments.

**11 EQUITY SECURITIES**

As of March 31, 2023, equity securities consisted of the following:

| | 2023 | 2022 |
|---|---|---|
| Austin GIS | **1,250,000** | 1,250,000 |
| LCC Central America de Mexico, SA de CV* | **-** | - |
| | **1,250,000** | 1,250,000 |

*On December 20, 2022 the Corporation acquired one share in LCC Central America de Mexico, SA de CV ("LCC Mexico") as a result of the merger between Lightbridge Communication Corporation ("LCC") with Tech Mahindra Network Services International Inc., ("TMNSI")

As of March 31, 2023, current equity securities consisted of the following:

| | 2023 | 2022 |
|---|---|---|
| Corporate owned investments | **1,558,703** | 637,638 |
| | **1,558,703** | 637,638 |

Corporate owned investments represent funding of a nonqualified deferred compensation plan (NQCD).

**12 OTHER ASSETS**

As of March 31, other assets consisted of the following:

| | 2023 | 2022 |
|---|---|---|
| Deferred contract cost, net | **37,814,328** | 43,231,535 |
| **Total** | **37,814,328** | 43,231,535 |

Deferred contract cost comprises of technology license agreements and capitalized as other assets. The total amount of expensed deferred contract cost expensed for the ending March 31, 2023 and 2022 was $37,814,328 and $40,084,145 respectively.

**13 SHORT-TERM DEBT**

Short-term debt comprises of unsecured revolving credit facilities of $240.25 million as of March 31, 2023 and $232.75 million as of March 31, 2022 attracting interest at variable rates and renewed within a period of 1 year. As of March 31, 2023 and 2022 the Corporation utilized $120,25 million and $124,49 million respectively, of the total available from credit facilities. Accrued interest payable on borrowing facilities as of March 31, 2023 and March 31, 2022 was included within accrued expenses and other current financial liabilities.

**14 NOTE PAYABLE TO AFFILIATED COMPANY**

On June 29, 2021 the Corporation entered into an intercompany loan agreement with Zen3 amounting to $10 million, at an % rate of USD Libor + 0.99% with an expiration date of June 27, 2022. On April 26, 2021 the Corporation acquired Eventus Solutions Group and as a result of the payments made to the owners the excess cash within the entity was used as part of the funding resulting in TMA recognizing a intercompany loan payable to Eventus of $4.2 million. The outstanding loan balances was settled during the current financial year.

**15 DUE TO AFFILIATED COMPANIES**

Due to affiliated companies consisted of the following at March 31:

| | 2023 | 2022 |
|---|---|---|
| Payable to Lightbridge Communication Corporation under tax sharing arrangement | **-** | 2,825,874 |
| Other accrued expenses due to other affiliated companies | **397,511** | 1,636,873 |
| | **397,511** | 4,462,747 |

## 16 ACCRUED EXPENSES AND OTHER FINANCIAL LIABILITIES AND OTHER NON-CURRENT FINANCIAL LIABILITIES

Accrued expenses and other current financial liabilities consisted of the following at March 31:

| | 2023 | 2022 |
|---|---|---|
| Accrued expenses | **5,221,039** | 7,226,644 |
| Financial liability under license agreements - current portion | **27,781,096** | 27,928,750 |
| Accrued expenses - subcontracted associates | **36,370,222** | 44,751,922 |
| Accrued payroll compensation | **18,240,195** | 15,540,733 |
| Other payroll related liabilities | **23,574,888** | 17,948,176 |
| Contingent consideration - current portion* | **32,493,191** | 34,291,258 |
| Accrued payroll related taxes | **1,566,242** | 12,397,125 |
| Accrued interest expenses on notes payable | **186,949** | 1,238,374 |
| Derivative financial liabilities | **-** | 94,110 |
| Other current liabilities | **2,471,979** | 3,660,546 |
| **Total** | **147,905,801** | 165,077,638 |

Other non-current financial liabilities consisted of the following at March 31:

| | 2023 | 2022 |
|---|---|---|
| Financial liability under license agreements – long-term portion | **-** | 33,840,275 |
| Contingent consideration – long-term portion* | **51,909,393** | 85,426,939 |
| Other payroll related liabilities – long-term portion | **5,516,550** | 5,012,034 |
| **Total** | **57,425,943** | 124,279,248 |

*The Corporation is party to purchase arrangements where an obligation arises to pay additional cash consideration to former owners if certain future events occur. Future events are satisfied if specific earn-out targets or employment linked arrangements are achieved.

Other non-current financial liabilities consisted of the following at March 31:

| | 2023 |
|---|---|
| **Future obligation commitment** | |
| Year one | **27,781,096** |
| Year two to four | **-** |
| **Total undiscounted liability** | **27,781,096** |
| Imputed interest | **-** |
| **Total amortized cost under contractual obligation** | **27,781,096** |

## 17 COMMON STOCK

| **Ordinary shares of $1 each** | **2023** | **2022** |
|---|---|---|
| | **Number of shares** | Number of shares |
| Issued and fully paid | **300,391,874** | 300,391,874 |

The Corporation is authorized to issue 450,000,000 shares of common stock, par value $1 per share, of which 300,391,874 and 300,391,874 shares were issued and outstanding on March 31, 2023 and 2022 respectively.

The sole shareholder, TML; being the sole owner of common stock is entitled to one vote per share, and to receive dividends and, upon liquidation or dissolution, is entitled to receive all assets available for distribution to stockholders. There are no preemptive or other subscription rights and there are no redemption or sinking fund provisions with respect to such shares.

## 18 EMPLOYEE BENEFITS

TMA's medical benefits are provided under a partially self-insured plan and a contract with an insurance company for major stop-loss coverage. Under the insurance contract, TMA is liable for all expenses under an aggregate annual maximum based on the number of persons covered. Management has included in accrued expenses claims payable and an estimate of incurred but not paid claims as of the year end.

Employees of TMA may be allotted/granted shares in TML in terms of several Employee Stock Option plans. The allotment of options to eligible employees is decided by the Compensation Committee which is comprised of certain directors of TML. However, it is the opinion of management that the options granted to the employees relate to the services rendered to the parent company and therefore need not be accounted for by TMA under FASB ASC 718, Compensation - Stock Compensation as these options relate to shares of TML.

The Corporation maintains a nonqualified deferred compensation plan established under Section 457(b) of the Internal Revenue Code for eligible staff.

## 19 LEASES

**Information as of and for the year ended March 31, 2023:**

The Corporation has several non-cancellable operating leases, primarily for office space that expire over the next five years. These leases generally contain renewal options for periods ranging from two to five years. Because the Corporation is not reasonably certain to exercise these renewal options, the options are not considered in determining the lease term and associated potential option payments are excluded from lease payments. The Corporation's leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. Payments due under the lease contracts include mainly fixed payments.

Total lease cost for the year ended March 31, 2023 amounted to $4,134,869.

Amounts reported in the balance sheet as of March 31, 2023 were as follows:

| **Right of use asset, net of depreciation** | **2023** | **2022** |
|---|---|---|
| Opening balance | **6,041,252** | 9,114,964 |
| Additions | **7,418,002** | 913,423 |
| Depreciation | **(3,878,838)** | (3,987,133) |
| Closing balance | **9,580,416** | 6,041,252 |
| Operating lease liabilities – short-term | **4,097,695** | 3,050,583 |
| Operating lease liabilities – long-term | **5,950,909** | 3,941,755 |
| **Total operating lease liabilities** | **10,048,604** | 6,992,338 |

Maturities of operating lease liabilities under non-cancellable leases as of March 31, 2023 are as follows:

| | **Operating leases** |
|---|---|
| In 1 year | 4,097,705 |
| In 2 to 5 years | 6,289,924 |
| Thereafter | - |
| **Total undiscounted lease payments** | **10,387,629** |
| Less: imputed interest | (339,025) |
| **Total lease liabilities** | **10,048,604** |

## 20 COMMITMENTS AND CONTINGENCIES

The Corporation is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Corporation's financial position, results of operations, or liquidity.

**21 MERGER WITH COMPANIES UNDER COMMON CONTROL**

**Tech Talenta, Inc.**

On February 28, 2022 the Board of Directors approved the transfer of the entire issued and outstanding capital of Tech Talenta Inc. (“TechT”) to TMA. The separate existence of TechT ceased on March 1, 2022, which management considered as the effective date of the merger. The results of operations for March 1, 2022 to March 31, 2022 in the amount of $55,284 was included in TMA’s results as though the transfer of net assets had occurred at March 1, 2022. From that date to the end of the period and all future periods the results of TechT will be those of the combined operations. The substance of the TechT transaction did not result in a change of reporting entity for TMA and was prospectively accounted for as described above.

| **Assets** | **Net value** |
|---|---|
| Cash | 895,610 |
| Accounts receivable, net | 3,457,068 |
| Tax receivable | 813,739 |
| Deferred taxes | 165,171 |
| | **5,331,588** |
| **Liabilities** | |
| Trade payables | (5,600) |
| Tax payable | (108,040) |
| Accrued expenses | (391,088) |
| | **(504,728)** |
| Net value acquired | 4,826,860 |
| Return of contributed capital | 500,000 |
| Additional paid in capital | 4,326,860 |
| **Total** | **4,826,860** |

**21 MERGER WITH COMPANIES UNDER COMMON CONTROL (CONTINUED)**

**Infostar LLC**

Infostar LLC partook in a nonreciprocal transfer of assets with its ultimate parent, Tech Mahindra Limited, when it novated its contract with Facebook to Tech Mahindra Limited. On September 15, 2022 Infostar LLC merged into TMA transferring all net assets resulting in the reversal of the investment and recognition of a related impairment loss expense. The substance of the Infostar transaction did not result in a change of reporting entity for TMA and was prospectively accounted for.

| **Assets** | **Net value** |
|---|---|
| Cash | 7,031,173 |
| Net accounts receivable | 1,247,720 |
| Prepaid expenses | 35,512 |
| | **8,314,405** |
| Liabilities | |
| Tax payable | (663,708) |
| Accrued expenses | (184,607) |
| Trade payables | (52,615) |
| | **(900,930)** |
| Net value acquired | 7,413,475 |
| Return of contributed capital | 7,413,475 |

The investment in Infostar was impaired as a result of transfer of the major customer relationships during the year. The impairment expense amounted to $86,486,613.

## 22 FINANCIAL INSTRUMENTS

**Interest rate swap - designated as a hedge**

Interest Rate Swaps. The Corporation uses interest rate swaps to manage its interest rate risk. The swaps are designated as cash flow hedges with the changes in fair value recorded in AOCI and as a derivative asset or liability, as applicable. The swaps settle periodically in arrears with the related amounts for the current settlement period payable to, or receivable from, the counter-parties included in accrued liabilities or receivables, respectively, and recognized in earnings as an adjustment to Interest Expense from the underlying debt to which the swap is designated. As of March 31, 2023 and 2022, the Corporation had a series of U.S. dollar denominated interest rate swaps outstanding with effectively fixing the interest on variable rate debt, exclusive of lender spreads, on a floating leg for a specified notional principal amount.

The Corporation's interest rate swap derivative financial instruments at March 31, 2023 are as follows:

| | Average Contracted Fixed Interest Rate | | Notional Principal Value | | Fair Value assets (liabilities) | |
|---|---|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** | **2023** | **2022** |
| | **%** | **%** | | | | |
| Cash Flow Hedges | | | | | | |
| Outstanding receive floating pay fixed contracts | | | | | | |
| Less than 1 year | **0.87%** | 1.10% | **50,000,000** | 65,000,000 | **-** | (94,110) |
| 1 to 2 years | **0%** | 0% | **-** | - | **3,377,835** | 2,385,793 |

| | **2023** | 2022 |
|---|---|---|
| | **Fair value** | Fair value |
| Derivative Assets | **3,377,835** | 2,385,793 |
| Derivative Liabilities | **-** | (94,110) |
| | **3,377,835** | 2,291,683 |

## 23 TRANSACTION WITH PARENT COMPANY

As stated in Note 1 and Note 2 above, TMA has entered into revenue sharing agreement with TML, its parent company. The transactions with TML are summarized below:

| | **Year ended March 31,** | |
|---|---|---|
| | **2023** | 2022 |
| Beginning balance, due from parent | **(1,292,348)** | 83,828,462 |
| External contract revenue recharge | **(31,889,334)** | (14,977,856) |
| Income from parent company | **1,201,139,198** | 1,099,810,416 |
| Payments to parent company | **58,768,454** | 15,443,712 |
| Collections from parent company | **(1,172,001,337)** | (1,189,784,246) |
| Expense reimbursement - debit/credit notes | **(1,820,223)** | 2,728,987 |
| Proceeds from merger transaction with related entity by common control | **-** | 1,658,177 |
| Ending balance, due from parent | **52,904,410** | (1,292,348) |

| | 2023 | 2022 |
|---|---|---|
| Due (to) from parent consists of: | | |
| Amounts due to parent company | **(13,919,494)** | (30,211,801) |
| Amounts due from parent company | **66,823,904** | 28,919,453 |
| | **52,904,410** | (1,292,348) |

**24 FAIR VALUE HIERARCHY**

The following tables summarize those assets and liabilities measured at fair value on a recurring basis:

The fair values of the Corporation's financial assets and liabilities by category as at March 31, 2023 were as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Equity securities | 2,808,703 | - | - | 2,808,703 |
| **Liabilities** | | | | |
| Derivative financial liabilities | 3,377,835 | - | - | 3,377,835 |
| **Total** | **6,186,538** | **-** | **-** | **6,186,538** |

The fair values of the Corporation's financial assets and liabilities by category as at March 31, 2022 were as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Equity securities | 1,887,638 | - | - | 1,887,638 |
| **Liabilities** | | | | |
| Derivative financial liabilities | 2,291,683 | - | - | 2,291,683 |
| **Total** | **4,179,321** | **-** | **-** | **4,179,321** |

Liabilities related to contingent consideration that are measured at fair value in connection with certain acquisitions have not been categorized in the fair value hierarchy but are included in Note 16.

**25 SUBSEQUENT EVENTS**

The Corporation has evaluated subsequent events through April 21, 2023, the date the financial statements were available to be issued. No significant events occurred subsequent to the balance sheet date but prior to April 21, 2023, that would have a material impact on the financial statements.

# STANDALONE SUPPLEMENTAL SCHEDULES OF REVENUE AND EXPENSES FOR THE YEARS ENDED MARCH 31, 2023 AND MARCH 31, 2022

| (All amounts are in USD) | **2023** | 2022 |
|---|---|---|
| **Schedule** | | |
| **I Revenue** | | |
| External contracted revenue | **31,964,196** | 14,303,765 |
| Transfers to parent and affiliated companies | **(31,964,196)** | (14,303,765) |
| | **-** | - |
| Revenue from parent | **1,201,366,629** | 1,100,056,945 |
| **Total** | **1,201,366,629** | 1,100,056,945 |
| | | |
| **Schedule II** | | |
| **Personnel expenses** | | |
| Payroll expenses | **475,039,883** | 447,854,119 |
| Other employee compensation | **43,107,767** | 37,738,932 |
| Payroll taxes | **38,591,085** | 36,910,123 |
| Employee benefits - health insurance | **34,486,869** | 33,454,091 |
| **Total** | **591,225,604** | 555,957,265 |
| | | |
| **Schedule III** | | |
| **Subcontracting expenses** | | |
| Subcontracting expenses - associates | **317,649,730** | 261,168,436 |
| Subcontracting expenses - project specific expenses | **39,787,987** | 44,383,998 |
| Subcontracting expenses - intercompany | **404,691** | 1,877,584 |
| **Total** | **357,842,408** | 307,430,018 |
| | | |
| **Schedule IV** | | |
| **General administrative and other expenses** | | |
| Professional fees | **6,325,982** | 8,928,289 |
| Travel | **8,042,319** | 4,590,826 |
| Communications | **5,353,223** | 6,886,475 |
| Office expenses | **5,280,754** | 3,882,048 |
| Visa fees | **4,675,975** | 8,058,273 |
| Lease expense | **4,134,869** | 4,286,525 |
| Sales and marketing | **1,429,195** | 611,545 |
| Entertainment | **1,367,451** | 512,076 |
| Miscellaneous | **1,356,280** | 1,889,446 |
| Sales and other indirect taxes | **1,195,027** | 864,223 |
| Amortization of prepaid employee costs related to business combinations | **1,089,156** | 1,089,156 |
| Insurance | **927,221** | 824,691 |
| Legal expenses | **185,158** | 5,568,491 |
| Short tenure office leases | **39,609** | 206,735 |
| **Total** | **41,402,219** | 48,198,799 |

## THE CJS SOLUTIONS GROUP, LLC

**Board of Managers**

Mr. Milind Vasant Kulkarni
Mr. Vivek Satish Agarwal
Mr. Mahesh Rajamani

**Registered Office**

8880 Freedom Crossing Trail,
Suite 200
Jacksonville Florida
32256

**Bankers**

BB&T
J.P. Morgan Chase

**Auditors**

CKH CPAs and Advisors, LLC
Atlanta, Georgia

# INDEPENDENT AUDITOR'S REPORT

To: Management
CJS Solutions Group, LLC and its Subsidiaries.
8880 Freedom Crossing Trails
Jacksonville, FL 32256

**Opinion**

We have audited the accompanying financial statements of CJS Solutions Group, LLC. and its subsidiaries (Collectively referred to as "the Company"), which comprise the consolidated balance sheets as of March 31, 2023 and March 31, 2022, and the related consolidated statements of operations and comprehensive loss, consolidated statements of changes in member's equity and consolidated statements of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2023 and March 31, 2022, and the results of its operations and its cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Other matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Consolidated Supplemental Schedules of Revenues and Expenses on page 47 is presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**CKH CPAs and Advisors, LLC**

CKH CPA's and Advisors, LLC Atlanta, Georgia
May 16, 2023

# CONSOLIDATED BALANCE SHEETS

**AT MARCH 31,**

| | | 2023 | 2022 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | | **$ 4,442,095** | $ 4,173,884 |
| Accounts receivable, net | 3 | **7,943,038** | 13,403,737 |
| Due from related parties | 8 | **31,954,783** | 29,378,536 |
| Prepaid expenses and other current assets | | **461,158** | 129,966 |
| | | **44,801,074** | 47,086,123 |
| **Non-current assets** | | | |
| Property and equipment, net | 5 | **977,405** | 1,419,205 |
| Right of use asset | | **910,580** | 1,300,821 |
| Capital work in progress | | **116,485** | 46,708 |
| Deferred income tax asset | 4 | **10,944,470** | 8,921,751 |
| Intangible assets, net | 6 | **511,201** | 5,944,534 |
| Goodwill, net | 7 | **25,640,665** | 31,313,943 |
| | | **38,123,401** | 47,527,757 |
| **Total Assets** | | **$ 83,901,880** | $ 96,033,085 |
| **Current liabilities** | | | |
| Accounts payable | | **612,810** | 2,253,584 |
| Accrued expenses and other current liabilities | | **5,694,695** | 6,902,203 |
| Income taxes payable | | **296,196** | 782,254 |
| Operating lease liability current portion | 11 | **528,388** | 409,674 |
| Due to related parties | 8 | **390,326** | 31,874 |
| | | **7,522,415** | 10,379,589 |
| **Non-current liabilities** | | | |
| Operating lease liability non-current portion | 11 | **748,241** | 1,276,629 |
| **Total Liabilities** | | **$ 8,270,656** | $ 11,656,218 |
| Commitments and contingencies (Note 12) | | | |
| Member's equity | 9 | **75,631,224** | 84,376,867 |
| **Total Liabilities and member's equity** | | **$ 83,901,880** | $ 96,033,085 |

# CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

**FOR YEARS ENDED MARCH 31,**

| | Schedules/ Notes | 2023 | 2022 |
|---|---|---|---|
| **REVENUES** | | **$ 63,453,403** | $ 86,129,570 |
| COST OF REVENUES | I | **51,958,618** | 65,299,180 |
| GROSS PROFIT | | **11,494,785** | 20,830,390 |
| **OPERATING EXPENSES:** | | | |
| Personnel | | **6,454,668** | 8,362,178 |
| General and administrative | II | **3,696,791** | 4,541,350 |
| Amortization | | **11,106,612** | 11,106,612 |
| Depreciation including right of use asset | Note 5 | **919,368** | 989,575 |
| **Total operating expenses** | | **22,177,439** | 24,999,715 |
| **OPERATING PROFIT LOSS** | | **-10,682,654** | -4,169,325 |
| **OTHER INCOME / (EXPENSES)** | | | |
| Other income | | **13,742** | 81,853 |
| Interest income | | **378,047** | 185,419 |
| Interest expense | | **-48,740** | -243,662 |
| Foreign currency loss | | **-636,290** | -423,215 |
| **Total other (expenses) / income** | | **-293,241** | -399,605 |
| **Loss before income tax benefit (expense)** | | **-10,975,895** | -4,568,930 |
| INCOME TAX BENEFIT | Note 4 | **1,841,185** | 1,478,925 |
| **NET LOSS** | | **-9,134,710** | -3,090,005 |
| **Other comprehensive gain / (loss)** | | | |
| Gain on foreign currency translation | | **389,067** | 271,042 |
| **Comprehensive loss** | | **-8,745,643** | -2,818,963 |

All revenue and profit for the year is generated from continuing operations.

# CONSOLIDATED STATEMENTS OF CHANGES IN MEMBER'S EQUITY

**FOR YEARS ENDED MARCH 31,**

| | Member's Capital | Accumulated Other Comprehensive Gain (Loss) | Accumulated Deficit | Total Member's Capital |
|---|---|---|---|---|
| **Balance at April 1, 2021** | **$ 99,927,450** | **(938,058)** | **$ (11,793,562)** | **$ 87,195,830** |
| Net loss for the year | - | - | (3,090,005) | (3,090,005) |
| Other comprehensive gain | - | 271,042 | - | 271,042 |
| **Balance at March 31, 2022** | **$ 99,927,450** | **(667,016)** | **$ (14,883,567)** | **$ 84,376,867** |
| Net loss for the year | - | - | (9,134,710) | (9,134,710) |
| Other comprehensive gain | - | 389,067 | - | 389,067 |
| **Balance at March 31, 2023** | **$ 99,927,450** | **(277,949)** | **$ (24,018,277)** | **$ 75,631,224** |

THE CJS SOLUTIONS GROUP, LLC

# CONSOLIDATED STATEMENTS OF CASH FLOWS

**FOR YEARS ENDED MARCH 31,**

| | 2023 | 2022 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net (loss) / income | **$ (9,134,710)** | $ (3,090,005) |
| **Adjustments to reconcile net income to net cash provided by** | | |
| operating activities: | | |
| Amortization | **11,106,612** | 11,106,612 |
| Movement in doubtful debts provision | **36,248** | - |
| Depreciation including right of use asset | **919,366** | 989,581 |
| **Income tax expense** | **223,704** | 298,870 |
| Deferred income tax benefit | **(2,064,890)** | (1,777,795) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | **5,424,451** | (7,313,658) |
| Due from related parties | **(2,576,247)** | 1,802,519 |
| Due to related parties | **358,452** | (878,976) |
| Prepaid expenses and other current assets | **(331,192)** | (41,326) |
| Deferred income tax benefit | **42,171** | (6,656) |
| Accrued expenses and other current liabilities | **(1,207,508)** | 886,422 |
| Accounts payable | **(1,640,775)** | (442,425) |
| Income taxes payable | **(709,762)** | (615,729) |
| **Net cash provided by operating activities** | **445,920** | 917,434 |
| Cash flows from investing activities | | |
| Capital expenditures including capital work in progress | **(157,102)** | (69,351) |
| Proceeds on sale of fixed assets | **-** | 87,689 |
| Due from related parties | **-** | 37,500,000 |
| **Net cash (used in) provided by investing activities** | **(157,102)** | 37,518,338 |
| **Cash flows from financing activities** | | |
| Operating lease liability | **(409,674)** | (271,342) |
| Repayment of uncommitted loans | **-** | (37,500,000) |
| **Net cash used in financing activities** | **(409,674)** | (37,771,342) |
| Effect of exchange rate changes on cash | **389,067** | 271,042 |
| Net increase in cash | **268,211** | 935,472 |
| Cash and cash equivalents at beginning of year | **4,173,884** | 3,238,412 |
| **Cash and cash equivalents at March 31** | **$ 4,442,095** | $ 4,173,884 |
| **Supplemental disclosure of cash flow information:** | | |
| Cash paid for interest | **(13,174)** | (200,466) |
| Cash paid for income taxes | **(199,543)** | (622,385) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**AS OF AND FOR THE YEARS ENDED MARCH 31, 2023 AND MARCH 31, 2022**

## 1. NATURE OF OPERATIONS

The CJS Solutions Group, LLC (“the Parent”) and its Subsidiaries (“the Company”) is a consulting firm that specializes in providing resources to plan, manage, build, optimize and generally assist in the implementation of electronic medical records systems (“EMR”) in hospitals and health care systems.

The consolidated financial statements of the Company includes The CJS Solutions Group, LLC d/b/a The HCI Group and its wholly owned subsidiaries, Healthcare Clinical Informatics Ltd. and HCI Group Australia Pty Ltd.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. BASIS OF CONSOLIDATION

The accompanying consolidated financial statements reflect the consolidated results of the Parent and its subsidiaries for the period ended March 31, 2023 and March 31, 2022. All significant intercompany accounts and transactions have been eliminated in consolidation.

### B. BASIS OF ACCOUNTING

These consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

### C. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

### D. REVENUE RECOGNITION

Revenue from consulting services contracts is recognized as the services are performed and amounts are earned. The Company considers amounts to be earned once evidence of an arrangement has been obtained, services are provided, fees are fixed or determinable, and collectability is reasonably assured.

Revenues from these services and reimbursed costs for out of pocket expenses are presented on the statement of operations and comprehensive loss, net of allowances or adjustments for agreed changes to reimbursed costs.

### E. COST OF REVENUE

Direct costs for employee or contractor placements consists of salaries and contract payments (mainly from hours), payroll taxes, insurance costs as well as reimbursable costs such as travel, lodging or entertainment.

### F. ADVERTISING AND MARKETING

The Company expenses all advertising costs as incurred. Advertising costs incurred for the year ended March 31, 2023 and 2022, was $609,203 and $757,557 respectively.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### G. INCOME TAXES

In accordance with guidance in ASC 740-10-30-27, the Company uses a “separate return” method to allocate current and deferred taxes or benefits to members of the consolidated return group (“Tech Mahindra (Americas) Inc. and subsidiaries”) by applying ASC 740 to each member as if they were separate tax payers. Under the “separate return” method, the subsidiary is assumed to file a separate return with the taxing authority, thereby reporting its taxable income or loss and paying the applicable tax to or receiving the appropriate refund from the Parent.

The Company accounts for income taxes using Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes. Under FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under FASB ASC 740 the effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company records valuation allowances against deferred tax assets as deemed necessary.

Per FASB ASC 740-10-20, the Company follows the recognition requirements for uncertain tax positions as required by generally accepted accounting principles in the United States of America. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Company has analyzed tax positions taken for filing with the Internal Revenue Service (IRS) and all state jurisdictions where it operates.

For the foreign subsidiaries deferred tax assets are only recognized if it is probable that they will be used.

### H. CASH

The Company considers all highly-liquid investments with maturities of three months or less to be cash or cash equivalents.

The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts held by a financial institution in the United States of America. As of March 31, 2023 and March 31, 2022, the Company had $2,691,202 and $1,900,743 respectively with financial institutions in excess of the federally insured limit.

The Financial Services Compensation Scheme covers small businesses in the United Kingdom that hold deposits at member banks up to £85,000. As of March 31, 2023 and March 31, 2022 such balances held in the United Kingdom exceeded the insured limits by $1,192,162 (£963,753) and $1,348,943 (£1,079,155) respectively.

### I. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are the amounts owed on invoiced contractual agreements either in process or completed by the Company. Accounts receivable are considered delinquent when payment is not received under terms described within the individual contract's terms.

An allowance for doubtful accounts is provided for those balances considered to be uncollectible based upon historical experience and the Company's specific review of outstanding account balances. Company policy is that accounts overdue in excess of 365 days and not subject to offsetting is a strong indicator that the receivable has potentially impaired. Bad debts are written off against the allowance when identified.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### J. UNBILLED RECEIVABLES

Unbilled receivables represent accrued revenue earned and recognized on projects for which invoices have not yet been presented to the customer.

### K. PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is provided by the straight-line method and is generally based on the following lives:

- Computers and technology peripherals – five years;
- Furniture and fixtures – seven years;
- Leasehold improvements – lesser of remaining life of lease or estimated useful life of equipment.

Expenditures for maintenance and repairs are charged to income as incurred. Additions and betterments are capitalized. When assets are retired or otherwise disposed, the related cost and accumulated depreciation are removed from the appropriate accounts and any resulting gain or loss is reflected in operations.

The Company annually reviews the status of property and equipment held by the Company for any impairment of those assets. Any such impairment would result in a permanent reduction in the recorded value of the asset. No such impairments existed at March 31, 2023 and March 31, 2022.

### L. FOREIGN EXCHANGE RATES

The Company translates the operations and balances of its foreign subsidiaries into U.S. Dollars. Assets and liabilities are translated into U.S. Dollars at year-end exchange rates. Income and expense items are translated at the average rates of exchange prevailing during the year. Translation adjustments are included in "Other Comprehensive Loss" and "Accumulated Other Comprehensive Loss". Transactions in currencies other than the functional currency of the related subsidiary are converted at the foreign exchange rate on the date of the transaction. Gains and losses, which result from foreign currency transactions, are included in Other Expenses.

### M. GOODWILL

Goodwill resulting from business combinations represents the excess of the fair value of the consideration transferred over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. During 2015, the Company elected the private company accounting alternatives provided in Accounting Standards Update (ASU) 2014-02, Intangibles – Goodwill and Other (Topic 350). Pursuant to these elections, the Company prospectively amortized goodwill on a straight-line basis over a ten-year period. Impairment testing will be performed at the entity level whenever events occur, or circumstances changes, which indicates that the fair value of the Company may be below its carrying amount.

### N. IDENTIFIABLE INTANGIBLES

Identifiable definite lived intangibles are stated at fair value as of date of acquisition and are amortized over their estimated useful lives. The Company amortizes customer relationships on a straight-line basis over a six-year period. Under the provisions of (Topic 350) Intangibles - Goodwill and Other, identifiable intangible assets with definite lives are tested for impairment if conditions exist that indicate the asset might be impaired. The impairment assessments made at March 31, 2023 and March 31, 2022 did not result in any impairment charges.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### O. RELATED PARTIES

All companies within the Group are considered to be related parties. Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the party in making financial and operational decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise). In addition to cross charges for labor and contractor expenses, the Company conducted business, involving a lease agreement with a provider in which an employee of the Company holds an interest. Transactions involving related parties are carried out on an arm’s length basis.

### P. LEASES

The company determines if an arrangement is a lease at inception of the arrangement. These leases are classified as either an operating lease or a finance lease. Based on the evaluation of leases for the period ended March 31, 2023, no leases meet the criteria for classification as a finance lease. Operating leases are capitalized on the consolidated balance sheet through a right-of-use (“ROU”) asset and a corresponding lease liability. ROU assets represent the company’s right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease.

Operating leases are included in operating lease ROU assets, current operating lease liabilities, and long- term operating lease liabilities in our consolidated balance sheets. Operating lease ROU assets and liabilities are recognized at the commencement date of an arrangement based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payments made to the lessor prior to lease commencement, less any lease incentives, and initial direct costs incurred. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The company enters into long-term contracts to lease office space in support of company operations and these have all been determined to represent operating leases.

### Q. CAPITAL WORK IN PROGRESS

Capital work-in-progress are costs incurred in the construction of the new corporate office lease space. Capital work-in-progress is stated at cost and not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for their intended use and have been transferred to and disclosed under the fixed assets.

### 3. ACCOUNTS RECEIVABLE, NET

| | 2023 | 2022 |
|---|---|---|
| **Amounts due for services rendered and billed** | **$ 8,782,854** | $ 11,606,552 |
| Less: allowance for doubtful accounts | **$ (1,076,496)** | (1,040,248) |
| Amounts due for services rendered and billed, net | **7,706,358** | 10,566,304 |
| Amounts due for services rendered, not billed | **$ 236,680** | 2,837,433 |
| **Total accounts receivable, net** | **$ 7,943,038** | $ 13,403,737 |

### 4. INCOME TAXES

The Company accounts for income taxes under the provisions of the FASB ASC 740, Income Taxes , as described in Note 2G above.

| | 2023 | 2022 |
|---|---|---|
| **Current income tax expense consists of the following:** | | |
| Foreign | **$ 176,239** | $ 236,607 |
| Federal | **-** | - |
| State | **47,465** | 62,263 |
| | **223,704** | 298,870 |

| | 2023 | 2022 |
|---|---|---|
| **Deferred income tax benefit consists of the following** | | |
| Federal | **(1,862,783)** | (976,933) |
| State | **(620,928)** | (325,644) |
| Foreign | **418,822** | (475,218) |
| | **(2,064,889)** | (1,777,795) |
| **Total current and deferred income tax benefit** | **$ (1,841,185)** | $ 1,478,925 |

| | 2023 | 2022 |
|---|---|---|
| **Deferred tax asset consists of the following:** | | |
| Federal | **8,293,808** | 6,478,643 |
| State | **2,566,288** | 1,961,234 |
| Foreign | **84,374** | 481,874 |
| | **$ 10,944,470** | $ 8,921,751 |

The income tax benefit for the years ended can be reconciled to the accounting loss as follows:

| | 2023 | 2022 |
|---|---|---|
| Applicable statutory income tax rate | **21%** | **21%** |
| Loss before income tax benefit | **(10,975,895)** | (4,568,930) |
| Expected income tax benefit | **(2,304,938)** | (959,475) |
| Actual income tax benefit | **(1,841,185)** | (1,478,925) |
| Difference between actual and expected benefit: | **463,753** | (519,450) |
| Other permanent differences | **94,566** | 6,378 |
| Foreign and state taxes | **369,187** | (525,828) |
| | **463,753** | (519,450) |

As of March 31, 2023, the Company had incurred net operating losses (NOLs) available to be carried forward of $6,861,036. A deferred tax asset is recognized consistent with the timing of the utilization of the net operating losses in the consolidated tax return of the tax group (Tech Mahindra (Americas) Inc. and subsidiaries). As is custom within the group, the deferred tax balances are settled through inter-company accounts on a periodical basis.

## 4. INCOME TAXES (CONTINUED)

In the ordinary course of business there are many transactions with affiliated companies that affect the calculation and estimation of the Company's tax liability. Although management believes that the Company's tax estimates are reasonable, there is no assurance that the final determination of tax liability will not be different from what is reflected in the Company's historical income tax provisions and accruals.

The Company does not anticipate any amount to be recognized related to the Company's uncertain tax position.

## 5. PROPERTY AND EQUIPMENT

| | **2023** | 2022 |
|---|---|---|
| **At March 31, 2023 and March 31, 2022, property and equipment balances were as follows:** | | |
| Computer and software | **$ 2,474,490** | $ 2,407,123 |
| Furniture and equipment | **171,118** | 171,118 |
| Leasehold improvements | **360,248** | 360,248 |
| Office equipment | **55,332** | 35,375 |
| Less: accumulated depreciation | **(2,083,783)** | (1,554,659) |
| | **$ 977,405** | $ 1,419,205 |

| | **2023** | 2022 |
|---|---|---|
| **Reconciliation of carrying value of property and equipment for the years ended March 31, was as follows:** | | |
| Carrying value at the beginning of the year | **1,419,205** | 2,028,164 |
| Additions and transfers from capital work in progress | **87,325** | 78,064 |
| Disposals | **-** | (672,357) |
| Accumulated depreciation on disposals | **-** | 584,668 |
| Depreciation | **(529,125)** | (599,334) |
| **Carrying value at the end of the year** | **$ 977,405** | $ 1,419,205 |

Total depreciation expense for the year ended March 31, 2023 and March 31, 2022 was $989,575 and $919,368 respectively. Included in this depreciation amount is the depreciation of the right-of-use asset relating to operating leases of $390,343 and $390,340 for the years ended March 31, 2023 and March 31, 2022 respectively. The depreciation policies followed by the Company are disclosed in Note 2K.

## 6. INTANGIBLE ASSETS, NET

| | **2023** | 2022 |
|---|---|---|
| **At March 31, 2023 and March 31, 2022, intangible asset balances were as follows:** | | |
| Customer contract and related relationships | **$ 32,600,000** | $ 32,600,000 |
| Less: accumulated amortization | **(32,088,799)** | (26,655,466) |
| | **$ 511,201** | $ 5,944,534 |

Amortization expense for the year ended March 31, 2023 and March 31, 2022 was $5,433,333 and $5,433,333 respectively. The amortization policies followed by the Company are described in Note 2N.

Amortization expense of intangible assets subject to amortization for the three years succeeding March 31, 2023 is as follows:

| **Year ending March 31,** | **$** |
|---|---|
| 2024 | 511,201 |
| | 511,201 |

**7. GOODWILL, NET**

| | **2023** | 2022 |
|---|---|---|
| **The changes in the carrying amount of goodwill at March 31, 2023 and March 31, 2022 are as follows:** | | |
| Goodwill | **$ 59,510,430** | $ 59,510,430 |
| Less: accumulated amortization | **(33,869,765)** | (28,196,487) |
| | **$ 25,640,665** | $ 31,313,943 |

Amortization expense for the year ended March 31, 2023 and March 31, 2022 was $5,673,279 and

$5,673,279 respectively. The Company reviewed its goodwill as of March 31, 2023 and determined that no impairment of goodwill has occurred. The amortization policies followed by the Company are described in Note 2M.

Amortization expense of goodwill subject to amortization for the five years succeeding March 31, 2023 and thereafter is as follows:

| **Year ending March 31,** | **$** |
|---|---|
| 2024 | 5,673,279 |
| 2025 | 5,673,279 |
| 2026 | 5,673,279 |
| 2027 | 5,673,279 |
| Thereafter | 2,947,548 |
| | 25,640,665 |

**8. TRANSACTIONS WITH RELATED PARTIES**

During the year ended March 31, 2023 and March 31, 2022, the Company had transactions with the following related parties. At March 31, 2023 and March 31, 2022 the Company had payables due (to) from related parties as follows:

| **Tech Mahindra (Americas), Inc. ("TMA")** | **2023** | 2022 |
|---|---|---|
| Beginning balance, due (to) | **(31,873)** | (897,850) |
| Income from | **-** | - |
| Reimbursement of expense | **(409,769)** | (683,064) |
| Payment made | **684,506** | 1,688,576 |
| Receipt from TMA | **(227,864)** | (139,535) |
| Ending balance, due (to) from | **15,000** | (31,873) |
| Due from (to) from consists of: | | |
| Amounts due to TMA | **-** | (31,873) |
| Amounts due from TMA | **15,000** | - |
| | **15,000** | (31,873) |

| **Tech Mahindra Limited ("TechM")** | **2023** | 2022 |
|---|---|---|
| Beginning balance, due from (to) | **9,093,616** | 3,296,291 |
| Income from | **19,769,668** | 17,826,678 |
| Cost of services | **(425,138)** | (125,400) |
| Reimbursement of expense | **(250,188)** | - |
| Payment made | **285,000** | 285,000 |
| Receipts from | **(16,792,671)** | (12,188,953) |
| **Ending balance, due (to) from** | **11,680,287** | 9,093,616 |
| Due (to) from consists of: | | |
| Amounts due to TechM | **(390,326)** | - |
| Amounts due from TechM | **12,070,613** | 9,093,616 |
| | **$ 11,680,287** | $ 9,093,616 |

| **Pulse Clinical Alliances, LLC ("Pulse")** | **2023** | 2022 |
|---|---|---|
| Beginning balance, due from | **537,433** | 235,602 |
| Income from | **49,416** | 537,433 |
| Payments to/(Receipts from) | **(586,849)** | (235,602) |
| **Ending balance, due from** | **-** | 537,433 |
| Due from consists of: | | |
| Amounts due to Pulse company | **-** | - |
| Amounts due from Pulse | **-** | 537,433 |
| | $ **-** | $ 537,433 |

| **Comviva Technologies Ltd ("Comviva")** | **2023** | 2022 |
|---|---|---|
| Beginning balance, due from | **182,958** | 372,589 |
| **Income from** | **-** | 12,601 |
| Payment made | **-** | - |
| Receipts from | **-** | (202,232) |
| **Ending balance, due from** | **182,958** | 182,958 |
| Due from consists of: | | |
| Amounts due to Comviva | **-** | - |
| Amounts due from Comviva | **182,958** | 182,958 |
| | **182,958** | 182,958 |

| **Lightbridge Communication Corporation ("LCC")** | **2023** | 2023 |
|---|---|---|
| Beginning balance, due from | **19,980,806** | 18,000,000 |
| Income from | **373,898** | 185,419 |
| Payment made | **-** | - |
| Receipts from | **(1,373,898)** | (3,204,613) |
| Loans paid | **-** | 5,000,000 |
| **Ending balance, due from** | **18,980,806** | 19,980,806 |
| Due from consists of: | | |
| Amounts due to LCC | **-** | - |
| Amounts due from LCC | **18,980,806** | 19,980,806 |
| | **$ 18,980,806** | $ 19,980,806 |

| Mad*Pow Media Solutions, LLC ("Mad*Pow") | 2023 | 2022 |
|---|---|---|
| Beginning balance, due (to) from | - | (13,000) |
| Income from | - | 7,500 |
| Cost of Services | - | - |
| Payment made | - | 15,000 |
| Receipts from | - | (9,500) |
| **Ending balance, due from** | **705,406** | 121,157 |
| Due from consists of: | | |
| Amounts due to Mad*Pow | - | - |
| Amounts due from Mad*Pow | **705,406** | 121,157 |
| | **$ 705,406** | $ 121,157 |
| **Total amounts due to related parties** | **(390,326)** | (31,874) |
| **Total amounts due from related parties** | **31,954,783** | 29,378,536 |
| | **$ 31,564,457** | $ 29,346,662 |

## 9. MEMBER'S EQUITY

On May 4, 2017 Tech Mahindra (Americas) Inc. ("TMA") acquired The CJS Solutions Group, LLC and its Subsidiaries through a merger with TM Merger Sub LLC, a Florida Limited Liability Company. As of March 31, 2023 the Company is wholly owned by TMA.

## 10. EMPLOYEE BENEFITS

The Company has established a salary deferral plan under Section 401(k) of the Internal Revenue Code. The plan allows eligible employees to defer a portion of their compensation. Such deferrals accumulate on a tax deferred basis until the employee withdraws the funds. The Company, at its option, may match a portion of the employee's contribution. The Company has elected not to match a portion of employee's contribution at this time.

## 11. LEASES

On November 17, 2019 the company's holding company, Tech Mahindra (Americas), Inc. "TMA", has entered into a building lease with NortgateArinso, Inc. for business use and occupancy of office space by the Parent in Jacksonville, Florida. The lease commenced on January 31, 2020 and is effective until July 30, 2025. The lease is subject to an annual increase of 3% applied from August 1st, 2020. In addition to the rental payable the company will also be responsible to pay Florida State Sales Tax to the landlord. The company has accounted for this new lease as at March 31, 2023, in terms of the policies set out in Note 2P of the accounting policies above.

Rent expense for the year ended March 31, 2023 and March 31, 2022 was $445,240 and $314,538.

Amounts reported in the balance sheet as of March 31, 2023 were as follows:

| Right of use asset, net of depreciation | 2023 | 2022 |
|---|---|---|
| Cost | **2,146,343** | 2,146,343 |
| Accumulated depreciation | **(1,235,763)** | (845,522) |
| | **910,580** | 1,300,821 |
| Operating lease liabilities – short-term | **528,388** | 409,674 |
| Operating lease liabilities – long-term | **748,241** | 1,276,629 |
| **Total operating lease liabilities** | **1,276,629** | 1,686,303 |

Maturities of operating lease liabilities under non-cancellable leases as of March 31, 2023 are as follows

| **Years ending March 31,** | **$** |
|---|---|
| 2024 | 552,660 |
| 2025 | 569,184 |
| 2026 | 191,585 |
| Total undiscounted lease payments | **1,313,429** |
| Less: imputed interest | **(36,800)** |
| Net present value of lease commitments | **1,276,629** |

## 12. COMMITMENTS AND CONTINGENCIES

The Company is involved in various legal proceedings in the ordinary course of its business. Although management of the Company cannot predict the ultimate outcome of these proceedings, it believes that the ultimate resolution of the Company's proceedings, including any amounts it may be required to pay in excess of amounts reserved or covered by insurance, will not have a material effect on the Company's financial statements. The Company was named as a defendant in certain class action lawsuits and some pending lawsuits due to prior practices mainly related to overtime payments.

## 13. CONCENTRATION OF CREDIT RISK

### REVENUE AND ACCOUNTS RECEIVABLE

The majority of the Company's sales are credit sales. The following are customer concentration for sales for the year ended March 31, 2023 and March 31, 2022 and billed accounts receivable as at March 31, 2023 and March 31, 2022.

Revenue concentration for the year ended March 31, 2023:

| | **Amount, $** | **Concentration** |
|---|---|---|
| Tech Mahindra Limited | 19,769,668 | 31% |
| Cleveland Clinic Health System | 11,687,976 | 18% |
| Health and Social Care Northern Ireland | 4,062,365 | 6% |
| Manchester University NHS Foundation Trust | 3,444,711 | 5% |
| NYC Health & Hospital Corporation | 3,085,434 | 5% |

Billed accounts receivable concentrations as at March 31, 2023:

| | **Amount, $** | **Concentration** |
|---|---|---|
| Tech Mahindra Limited | 12,070,613 | 58% |
| Cleveland Clinic Health System | 1,659,445 | 8% |
| Mayo Clinic MER | 1,641,884 | 8% |
| Health and Social Care Northern Ireland | 850,249 | 4% |
| NYC Health & Hospital Corporation | 635,337 | 3% |

Revenue concentration for the year ended March 31, 2022:

| | **Amount, $** | **Concentration** |
|---|---|---|
| Tech Mahindra Limited | 17,826,678 | 21% |
| Cleveland Clinic Health System | 17,335,787 | 20% |
| INTEGRIS Health | 5,540,621 | 6% |
| Sisters of Charity of Leavenworth Health | 3,963,709 | 5% |
| NYC Health & Hospital Corporation | 3,876,738 | 5% |

Billed accounts receivable concentrations as at March 31, 2022:

| | Amount, $ | Concentration |
|---|---|---|
| Tech Mahindra Limited | 9,093,615 | 46% |
| Cleveland Clinic Health System | 4,414,036 | 22% |
| Modernizing Medicine | 697,179 | 3% |
| Mayo Clinic MER | 688,240 | 3% |
| Integris Health | 578,725 | 3% |

## 14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined under Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures" ("ASC 820"), as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1–inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.

Level 2–inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.

Level 3–inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

The carrying amounts of cash, accounts receivable and accounts payable approximate fair value due to the short-term maturity of the instruments. The carrying amounts of the Company's floatable interest rate debt are considered reasonable estimates of fair value.

## 15. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 16, 2023. No significant events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

# CONSOLIDATED SUPPLEMENTAL SCHEDULES OF REVENUES AND EXPENSES

**FOR YEARS ENDED MARCH 31,**

| | $ 2023 | $ 2022 |
|---|---|---|
| **Schedule I** | | |
| **COST OF REVENUES** | | |
| Consultants compensation | **51,064,498** | 63,912,749 |
| Travel and other related expenses | **894,120** | 1,386,431 |
| | **51,958,618** | 65,299,180 |
| **Schedule II** | | |
| **GENERAL AND ADMINISTRATIVE** | | |
| Professional fees | **1,550,483** | 2,425,243 |
| Advertising and marketing | **609,203** | 757,557 |
| Travel | **395,900** | 208,467 |
| Office expenses | **362,280** | 282,008 |
| Licenses and other taxes | **343,431** | 201,285 |
| Communications | **149,699** | 228,311 |
| Entertainment | **85,933** | 92,867 |
| Postage and delivery | **45,419** | 60,167 |
| Insurance | **39,716** | 65,408 |
| Bad debt expenses | **37,122** | 77,971 |
| Repairs and maintenance | **29,556** | 24,198 |
| Bank charges | **18,684** | 31,711 |
| Dues and subscriptions | **14,350** | 15,011 |
| Other rental expenses | **8,537** | 9,511 |
| Miscellaneous | **6,478** | 61,635 |
| | **3,696,791** | 4,541,350 |

# TECH MAHINDRA CONSULTING GROUP INC.

**UNAUDITED FINANCIAL STATEMENTS**
**For the year ended 31st March 2023**

**Board of Directors**
Mr. Lakshmanan Chidambaram
Mr. Guruprasad Iyengar

**Registered Office**
36 Toronto Street,
Suite 530 Toronto,
ON M5C 2C5 Canada

**Bankers**
TD Bank Canada
HSBC Bank Canada

# BALANCE SHEET

| Particulars | Note | March 31, 2023 | March 31, 2022 |
|---|---|---|---|
| | | | Amount in CAD |
| **ASSETS:** | | | |
| Current assets: | | | |
| Cash and cash equivalents | | **3,869,748** | 1,285,606 |
| Accounts receivable, net | 3 | **3,240,117** | 682,732 |
| Due from parent company | 4 | **1,760,489** | 1,365,643 |
| Prepaid expenses and other current assets | | **-** | (667) |
| **Total current assets** | | **8,870,354** | 3,333,314 |
| Property and equipment, net | 6 | **9,105** | 11,816 |
| **Other assets:** | | | |
| Intangible assets, net | 7 | **699,122** | 978,758 |
| Goodwill, net | | **352,673** | 352,673 |
| Other Non Current Assets | | **-** | 17,189 |
| Advance Income Taxes (Net of provisions) | | **79,385** | - |
| **Total other assets** | | **1,140,285** | 1,360,436 |
| **Total Assets** | | **10,010,639** | 4,693,750 |
| **LIABILITIES AND MEMBER'S EQUITY :** | | | |
| **Current liabilities:** | | | |
| Accounts payable | | **4,143,579** | 2,721,809 |
| Accrued expenses and other current liabilities | | **-** | 4,572 |
| GST Payable | | **(5,573)** | (149,270) |
| Current Tax Liabilities (Net) | | **762,482** | (26,516) |
| Due to parent company | | | |
| **Total current liabilities** | | **4,900,488** | 2,550,595 |
| Member's equity | | **2,397,598** | 2,397,598 |
| Retained Earnings | | **2,712,554** | (254,443) |
| Accumulated other comprehensive loss | | | |
| **Total Liabilities and Member's Equity** | | **10,010,640** | 4,693,750 |

**Guru Prasad Iyengar**
Director and CFO

Date June 1, 2023

# STATEMENT OF OPERATIONS

Amount in CAD

| Particulars | Note | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| **REVENUES** | | **8,282,450** | 5,660,789 |
| OTHER INCOME | | **4,662** | (373) |
| **COST OF REVENUES** | 4 | **-** | - |
| **GROSS INCOME** | 7 | **8,287,112** | 5,660,416 |
| **OPERATING EXPENSES:** | | | |
| Personnel | | **73,269** | 128,815 |
| General and administrative | | **4,823,085** | 4,796,296 |
| Amortization | | **282,347** | 565,299 |
| Other expenses | | **105,065** | (7,554) |
| Total operating expenses | | **5,283,766** | 5,482,856 |
| Operating profit | | **3,003,346** | 177,560 |
| **INCOME TAX EXPENSE** | | **795,887** | 42,716 |
| **NET INCOME** | | **2,207,459** | 134,844 |

**Guru Prasad Iyengar**
Director and CFO

Date June 1, 2023

# STATEMENTS OF CHANGES IN MEMBER’S EQUITY

| | Member's Equity | Retained Earnings | Total Member's Equity |
|---|---|---|---|
| **Balance at March 31, 2021** | 2,397,598 | (389,287) | 2,008,311 |
| Net income for the year | - | 134,844 | 134,844 |
| **Balance at March 31, 2022** | **2,397,598** | **(254,443)** | **2,143,155** |
| Net income for the year | - | 2,207,459 | 2,207,459 |
| Transfer to / from during the period | - | 759,537 | 759,537 |
| **Balance at March 31, 2023** | **2,397,598** | **2,712,553** | **5,110,151** |

# STATEMENTS OF CASH FLOWS

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Net Income | **2,207,459** | 134,844 |
| Adjustments to reconcile net loss to net cash | | |
| provided by operating activities: | | |
| Amortization | - | - |
| Depreciation | **2,711** | - |
| Write-off for impairment of goodwill | | - |
| Deferred income tax benefit | - | - |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | **(2,557,385)** | 378,575 |
| Due from parent company | **(394,846)** | (699,810) |
| Due to parent company | - | - |
| Prepaid expenses and other current assets | - | - |
| Other receivables | - | - |
| Prepaid expenses and other current assets | **(667)** | 186,448 |
| Intangible Assets, net | **279,636** | 279,635 |
| Goodwill, net | - | - |
| Other receivables | - | - |
| Other Non Current Assets | **17,189** | - |
| Advance Income Taxes (Net of provisions) | **(79,385)** | - |
| Accounts payable, net | **1,421,770** | 217,771 |
| GST Payable | **143,697** | (149,270) |
| Current Tax Liabilities (Net) | **788,998** | (26,516) |
| Accrued expenses and other current liabilities | **(4,572)** | - |
| Accounts payable | - | - |
| Income taxes payable | - | - |
| Net Cash (Utilized in) Provided by Operating Activities | **1,824,605** | 321,677 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Changes in equity: | | |
| Property and equipment, net | **2,711** | 6,021 |
| Member's contribution | **759,537** | 140,865 |
| Net Cash Provided by Investing Activities | **759,537** | 140,865 |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Repayment of loans | - | - |
| Net Cash Used in Financing Activities | - | - |
| Net increase in cash and cash equivalents | **2,584,142** | 327,698 |
| Cash and cash equivalents, beginning of period | **1,285,606** | 957,908 |
| Cash and cash equivalents, end of period | **3,869,748** | 1,285,606 |
| Supplemental disclosure: | | |
| Cash paid for interest | - | - |
| Cash paid for income taxes | - | - |

# NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2023

## 1. NATURE OF OPERATIONS

Tech Mahindra Consulting Group Inc. (Formerly known as Objectwise 'OW'), based in Toronto, Canada specializes in enterprise project delivery by offering IT Staff Augmentation & Professional services and PEGA development services. Key service offerings: Primarily staff augmentation and professional services. Resource skills include Cards & Payment SME, Pega Technology, & Blueprism Robotics.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. BASIS OF ACCOUNTING

These financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in Canada (Canadian GAAP). Revenue is recognized based on accrual method of accounting

### B. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with Canadian Accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

### C CASH AND CASH EQUIVALENTS

The Company considers all highly-liquid investments with maturities of three months or less to be cash or cash equivalents.

### D ACCOUNTS RECEIVABLE AND ALLOWANCE FOR BAD DEBTS

Accounts receivable are the amounts owed on invoiced contractual agreements either in process or completed by the Company. Accounts receivable are considered delinquent when payment is not received under terms described within the individual contract's terms.

An allowance for doubtful accounts is provided for those balances considered to be uncollectible based upon historical experience and the Company's specific review of outstanding account balances. Company policy is that accounts overdue in excess of 365 days is an indicator that the receivable has potentially impaired. Bad debts are written off against the allowance when identified.

### E UNBILLED RECEIVABLES

Unbilled receivables represent accrued revenue earned and recognized on projects for which billings have not yet been presented to the customer.

### F RELATED PARTIES

All companies within the Group are considered to be related parties. Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the party in making financial and operational decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise).

## 3 ACCOUNTS RECEIVABLE, NET

| **At March 31, 2023 accounts receivable balances were as follows:** | **March 31, 2023** | March 31, 2022 |
|---|---|---|
| Amounts due for services rendered and billed | **3,240,117** | 682,732 |
| Less: allowance for doubtful accounts | **-** | - |
| Amounts due for services rendered and billed, net | **3,240,117** | 682,732 |
| Amounts due for services rendered, not billed | | |
| Total accounts receivable, net | **3,240,117** | 682,732 |

## 4 TRANSACTIONS WITH PARENT COMPANY

During the period ended March 31, 2023 the Company had transactions with Tech Mahindra Ltd.("TML"). At March 31, 2023 the Company had payables due to TML as follows:

| | **March 31, 2023** | March 31, 2022 |
|---|---|---|
| Beginning balance, due to | | |
| Cost of services from TML | | |
| Reimbursements | | |
| Payments to parent company | | |
| Revenue from TML | | |
| Ending balance, due to | **-** | - |
| Due (to) consists of: | | |
| Amounts due to TML | | |
| Amounts due from TML | **1,760,489** | 1,365,642 |
| | **1,760,489** | 1,365,642 |

Amounts due to and receivable from TML are interest free and payable on demand.

## 5 LITIGATION AND CONTINGENCIES

The Company is not involved in any legal proceedings in the ordinary course of its business.

## 6 PROPERTY AND EQUIPMENT

| | **March 31, 2023** | March 31, 2022 |
|---|---|---|
| Computer and software | **10,409** | 7,620 |
| Furniture and Fixures | **12,544** | 10,217 |
| Accumulated Depreciation | **(13,848)** | (6,021) |
| | **9,105** | 11,816 |

## 7 INTANGIBLE ASSETS ACQUIRED THROUGH BUSINESS ACQUISITIONS

| | **March 31, 2023** | March 31, 2022 |
|---|---|---|
| Customer Relationships | **1,957,499** | 1,677,856 |
| Accumulated Amortization | **(1,258,377)** | (699,098) |
| | **699,122** | 978,758 |

## 8 SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 31, 2023. No significant events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

## 9 PERSONNEL EXPENSES

| | **March 31, 2023** | March 31, 2022 |
|---|---|---|
| Salaries and Wages, including contribution to PF & Other Funds | **73,269** | 128,815 |
| Staff Welfare Expenses | | - |
| | **73,269** | 128,815 |

## 10 OTHER EXPENSES

| | **March 31, 2023** | March 31, 2022 |
|---|---|---|
| Rent | **23,763** | 23,941 |
| Travelling and Communication Expenses | **1,899** | 3,273 |
| Legal & Professional Expenses | **37,996** | 22,720 |
| Insurance Charges | **9,808** | 17,484 |
| Software, Hardware & Project specific Expenses | **-** | (85,601) |
| Provision for Doubtful Advances, Deposits and Advances written off | **17,889** | - |
| Miscellaneous Expenses | **13,710** | 10,629 |
| | **105,065** | (7,554) |

# TECH MAHINDRA CREDIT SOLUTIONS INC.

**UNAUDITED FINANCIAL STATEMENTS**
**For the year ended 31st March 2023**

**Board of Directors**
Mr. Manish M Vyas
Mr. Anirban Roy

**Business Office**
251 Little Falls Drive,
City of Wilmington, 19808,
County of New Castle
Delaware

**Bankers**
Citibank

# BALANCE SHEETS

**AT MARCH 31, 2023 and MARCH 31, 2022**

| | Note | 2023 | 2022 |
|---|---|---|---|
| **Current assets:** | | | |
| Cash and cash equivalents | | **$71,917** | $100,000 |
| | | **71,917** | 100,000 |
| **Total assets** | | **71,917** | 100,000 |
| **Current liabilities:** | | | |
| Due to parent company | 3 | **$-** | $20,440 |
| | | **-** | 20,440 |
| **Total liabilities** | | **-** | 20,440 |
| Member's equity | | **$71,917** | $79,560 |
| **Total liabilities and member's equity** | | **71,917** | 100,000 |

For TECH MAHINDRA CREDIT SOLUTION INC

Pritesh Lakhotiya
CFO / Finance Controller
Place: Plano, Texas
Date: 22nd May 2023

TECH MAHINDRA CREDIT SOLUTION INC

# STATEMENTS OF OPERATIONS

**FOR THE YEARS ENDED MARCH 31, 2023 AND MARCH 31, 2022**

| | | | Amount in USD |
|---|---|---|---|
| | **Schedule** | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
| **REVENUES** | I | **$-** | $- |
| **OPERATING EXPENSES:** | | | |
| General and administrative | II | **$7,643** | $20,440 |
| **Total operating expenses** | | **7,643** | 20,440 |
| **OPERATING PROFIT** | | **(7,643)** | (20,440) |
| **INCOME TAX EXPENSE** | | **-** | - |
| **NET INCOME** | | **(7,643)** | (20,440) |

For TECH MAHINDRA CREDIT SOLUTION INC

Pritesh Lakhotiya
CFO / Finance Controller
Place: Plano, Texas
Date: 22nd May 2023

# STATEMENTS OF CHANGES IN MEMBER'S EQUITY

**FOR THE YEARS ENDED MARCH 31, 2023 AND MARCH 31, 2022**

| | Member's equity | Retained earnings | Total member's equity |
|---|---|---|---|
| Balance at December 23, 2021 | $100,000 | $- | $100,000 |
| Net income for the year | - | (20,440) | (20,440) |
| **Balance at March 31, 2022** | **$100,000** | **$(20,440)** | **$79,560** |
| Net income for the year | - | (7,643) | (7,643) |
| **Balance at March 31, 2023** | **$100,000** | **$(28,083)** | **$71,917** |

# NOTES TO THE FINANCIAL STATEMENTS

**AT MARCH 31, 2023 AND MARCH 31, 2022**

## 1. NATURE OF OPERATIONS

Tech Mahindra Credit Solutions Inc (the “Company” or “TMCSI”) is a wholly owned subsidiary of Tech Mahindra (Americas) Inc. (“TMA”). The Company was incorporated in the State of Delaware on August 17, 2020. The Company is engaged in the business of providing software development services onsite for clients across the United States of America.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. BASIS OF PREPARATION

The Company has adopted the Financial Accounting Standards Board (FASB) Codification (Codification or ASC). The Codification is the single official source of authoritative accounting principles generally accepted in the United States of America (U.S. GAAP) recognized by the FASB to be applied by non-governmental entities. All of the Codification’s content carries the same level of authority.

### B. BASIS OF ACCOUNTING

These financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

### C. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

### D. REVENUE AND EXPENSES

The Corporation determines the amount of revenue to be recognized through application of the following steps:- Identification of the contract, or contracts with a customer;

- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as the Corporation satisfies the performance obligations.

Expenses are recorded when incurred.

### E. CASH AND CASH EQUIVALENTS

The Company considers all highly-liquid investments with maturities of three months or less to be cash or cash equivalents.

### F. RELATED PARTIES

All companies within the Group are considered to be related parties. Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the party in making financial and operational decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise).

## 3. TRANSACTIONS WITH PARENT COMPANY

During the period ended March 31, 2023 and 2022, the Company had transactions with Tech Mahindra (Americas) Inc. (“”TMA””). At March 31, 2023 and 2022 the Company had payables due to TMA as follows:

| | **2023** | 2022 |
|---|---|---|
| Beginning balance, due to | **$20,440** | $- |
| Cost of services from TML | **$-** | - |
| Reimbursements | **$7,643** | 20,440 |
| Payments to parent company | **$(28,083)** | - |
| Revenue from TML | **-** | - |
| Ending balance, due to | **$-** | $20,440 |
| Due (to) consists of: | | |
| Amounts due to parent company | **$-** | $20,440 |
| Amounts due from TML | **-** | - |
| | **$-** | $20,440 |

Amounts due to and receivable from TMA are interest free and payable on demand.

## 4. LITIGATION AND CONTINGENCIES

The Company is not involved in any legal proceedings in the ordinary course of its business.

## 5. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 21, 2023. No significant events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

# SUPPLEMENTAL SCHEDULES OF REVENUE AND EXPENSES

| | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| **Schedule I** | | |
| **REVENUE** | | |
| **Revenue** | **$-** | $- |
| | **$-** | $- |
| **Schedule II** | | |
| **GENERAL AND ADMINISTRATIVE** | | |
| License fees | **$7,643** | $20,440 |
| | **$7,643** | $20,440 |

# ZEN3 INFOSOLUTIONS (AMERICA) INC.

**Board of Directors**
Mr. Harshul Asnani
Mr. Dhiresh Kumar

**Registered office**
4014 148th Ave NE,
Redmond, WA, 98052,
USA

**Bankers**
JP Morgan Chase

# BALANCE SHEET AS ON 31ST MARCH 2023

**ASSETS**

| | March 31 2023 | Decmber 31 2022 |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | **$23,86,731** | 77,73,575 |
| Accounts receivable, net of allowance for doubtful accounts of the year 2022 and of the year 2023 | **$1,08,42,519** | $77,36,184 |
| Prepaid expenses and other current assets | **$27,84,309** | $1,17,26,569 |
| **TOTAL CURRENT ASSETS** | **$1,60,13,558** | $2,72,36,328 |
| PROPERTY AND EQUIPMENT, net | **$-** | |
| DEPOSITS | **$-** | |
| DEFERRED TAX ASSETS | **$-** | |
| **TOTAL ASSETS** | **$1,60,13,558** | $2,72,36,328 |
| **LIABILITIES AND EQUITY** | | |
| **CURRENT LIABILITIES** | | |
| Checks issued in excess of bank balance | **$-** | |
| Lines of credit | **$-** | |
| Accounts payable | **$72,42,590** | $53,18,680 |
| Accrued expenses,Payroll and other liabilities | **$26,16,807** | $45,11,039 |
| **TOTAL CURRENT LIABILITIES** | **$98,59,397** | $98,29,719 |
| | **$-** | |
| **EQUITY** | **$61,54,161** | $1,74,06,609 |
| | **$-** | |
| **TOTAL LIABILITIES AND EQUITY** | **$1,60,13,558** | $2,72,36,328 |

# STATEMENT OF INCOME AND COMPREHENSIVE INCOME

| | As on 31-Mar-23 | As on 31-Mar-22 |
|---|---|---|
| **Year ended March 31, 2023** | | |
| Sales | **$53,512,421** | $64,262,804 |
| Cost of goods sold | **$-** | $51,762,326 |
| **GROSS PROFIT** | **$53,512,421** | $12,500,478 |
| Generaland administrative expense | **$46,004,211** | $5,971,905 |
| **INCOME (LOSS) FROM OPERATIONS** | **$7,508,210** | $6,528,573 |
| **Other income (expense)** | | |
| Commission income (expense) | **$-** | $- |
| Income (loss) from subsidiaries | **$-** | $- |
| Other income (expense), net | **$-** | $- |
| Interest expense | **$-** | $- |
| **Total other income (expense), net** | **$-** | $- |
| **INCOME (LOSS) BEFORE TAX EXPENSE** | **$7,508,210** | $6,528,573 |
| Income tax expense (benefit) | **$934,376** | $3,646,246 |
| **NET INCOME (LOSS)** | **$6,573,834** | $2,882,327 |
| **Less: net income attributable** | | |
| to non-controlling interest | **$-** | $- |
| **NET INCOME (LOSS)** | **$6,573,834** | $2,882,327 |
| **Other comprehensive loss** | | |
| Foreign currency translation gain | **$-** | $- |
| **TOTAL COMPREHENSIVE INCOME (LOSS)** | **$6,573,834** | $2,882,327 |

# STATEMENT OF EQUITY AND COMPREHENSIVE INCOME

| | Common stock* | Additional paid-in capital | Accumulated Retained earnings | other comprehensive loss | Total equity | Non-controlling interest | Total |
|---|---|---|---|---|---|---|---|
| Balance at March 31, 2022 | $1,500.00 | - | 2,13,44,070 | - | 2,13,45,570 | - | $2,13,45,570 |
| Distributions | - | - | (2,26,99,619) | - | (2,26,99,619) | - | (2,26,99,619) |
| Net income | - | - | - | - | - | - | 75,08,210 |
| Foreign currency translation gain | - | - | - | - | - | - | - |
| **Balance at March 31, 2023** | **$1,500** | **$-** | **$(13,55,549)** | **$-** | **$(13,54,049)** | **$-** | **$61,54,161** |

# STATEMENT OF CASH FLOWS

| **Years Ended March 31, 2023** | **March 31 2023** | March 31 2022 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Net income | **$5,35,12,421** | $28,82,327 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities | | |
| Depreciation | | |
| Provision for doubtful receivables | | |
| (Gain) loss on sale of property and equipment | | |
| Deferred tax asset | | |
| (Increase) decrease in: | | |
| Accounts receivable | **$(1,08,42,519)** | $(13,07,750) |
| Prepaid expenses | **$(67,224)** | $(3,61,671) |
| Other current assets | **$(27,17,085)** | $(90,00,000) |
| Increase (decrease) in: | | |
| Accounts payable | **$72,23,638** | $28,23,605 |
| Accrued expenses and other liabilities | **$17,01,383** | $27,76,582 |
| Income Tax | **$9,34,376** | $91,198 |
| **Net cash provided by (used in) operating activities** | **$4,97,44,990** | $(20,95,709) |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Purchase of property and equipment | | |
| Proceeds from sale of Investments | **$-** | $- |
| Net repayments from related parties | | |
| **Net cash used in investing activities** | **$-** | $- |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Line of credit | | |
| Change in Equity and reserves | **$(1,51,91,408)** | $(15,43,329) |
| Profit & Loss | | |
| Share Capital | | |
| **Net cash provided by (used in) financing activities** | **$(1,51,91,408)** | $(15,43,329) |
| Foreign currency translation adjustment | **$-** | $- |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | **$3,45,53,580** | $(36,39,040) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | **$77,73,575** | $1,14,12,615 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | **$4,23,27,155** | $77,73,575 |
| **SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES** | | |
| Change in net unrealized gain (loss) on futures contracts | **$-** | |
| Cash paid during the year for interest | **$-** | |
| Cash paid during the year for income taxes | **$-** | |

# CITISOFT INC.

**Board of Directors**
Mr. Lakshmanan Chidambaram
Mr. Thomas J. Secaur
Mr. Paul V. Migliore

**Registered Office**
303 Congress Street,
Suite 500
Boston, MA 02210 USA

**Bankers**
Bank of America

**Auditors**
Mayer Hoffman McCann P.C

# DIRECTORS' REPORT

**TO THE SHAREHOLDERS**

This report together with the audited accounts of Citisoft, Inc. for the year ended March 31, 2023 is given below.

**Review of Operations:**

During the year under review, Citisoft, Inc. has recorded an income of US$ 30,366,727 and Profit /(loss) after tax was US$ 1,651,524 excluding affiliates revenue and cost of revenue. The Company continues to invest in strengthening its operations and administrative infrastructure to support anticipated growth in the coming years.

**Dividends:**

During the year under review, a dividend of US$2,000,000.00 was paid for the year ending 31st March, 2023.

**Directors:**

The directors who served during the year were as follows:

Mr. Vikram Nair (till October 3, 2022)

Mr. Lakshmanan Chidambaram

Mr. Thomas J. Secaur

Mr. Paul V. Migliore

**Outlook for the current year:**

Business has been encouraging in US and the Company is cautiously optimistic of the future.

**Acknowledgements:**

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder/s for the co-operation and assistance received from them.

**Mr. Thomas J. Secaur**
**Director**

Place: Boston, MA

Date: May 25, 2023

# INDEPENDENT AUDITORS' REPORT

**Board of Directors and Stockholders Citisoft, Inc.**
Boston, Massachusetts

**Opinion**

We have audited the accompanying financial statements of Citisoft, Inc. (the "Company"), which comprise the balance sheets as of March 31, 2023 and 2022, and the related statements of income and comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Citisoft, Inc. as of March 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Emphasis of Matter - Change in Accounting Principle**

As discussed in Note 1 to the financial statements, effective April 1, 2022, the Company adopted Accounting Standards Update ("ASU") No. 2016-02, Leases (Topic 842), as amended, under the modified retrospective transition method. Our conclusion is not modified with respect to this matter.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

June 6, 2023
Boston, Massachusetts

# BALANCE SHEETS

| | | March 31, | | |
|---|---|---|---|---|
| | | **2023** | | **2022** |
| **Assets** | | | | |
| **Current assets:** | $ | **4,035,486** | $ | 4,819,832 |
| Cash and cash equivalents | | | | |
| Accounts receivable, trade, net of allowance | | **5,811,545** | | 4,486,214 |
| for doubtful accounts of $100,000 in 2023 and 2022 | | **3,450** | | 993,515 |
| **Other receivables** | | **1,253,197** | | 1,426,234 |
| Investments | | **589,676** | | 505,873 |
| Prepaid expenses and other current assets | | **11,693,354** | | 12,231,668 |
| **Total current assets** | | **202,268** | | 140,095 |
| Deferred income taxes, net | | | | |
| Goodwill, net of accumulated amortization of | | **327,978** | | 382,642 |
| $218,655 in 2023 and $163,991 in 2022 | | **834,848** | | - |
| Right-of-use asset - operating lease | | **279,700** | | 164,566 |
| Property and equipment, net | | | | |
| **Total assets** | $ | **13,338,148** | $ | 12,918,971 |
| **Liabilities and Stockholders' Equity** | | | | |
| **Current liabilities:** | | | | |
| Accounts payable | $ | **398,739** | $ | 396,065 |
| Accounts payable, affiliates | | **635,214** | | 165,546 |
| Income taxes payable | | **243,396** | | 725,631 |
| Current portion of operating lease obligations | | **214,650** | | - |
| Accrued expenses | | **3,722,345** | | 3,700,716 |
| **Total current liabilities** | | **5,214,344** | | 4,987,958 |
| **Long-term liabilities:** | | | | |
| Operating lease obligations | | **541,267** | | |
| Total long-term liabilities | | **541,267** | | - |
| **Total liabilities** | | **5,755,611** | | 4,987,958 |
| Stockholders' equity: | | | | |
| Common stock, $0.01 par value; 1,000 shares | | | | |
| authorized, issued and outstanding | 10 | | 10 | |
| Additional paid-in-capital | | **683,895** | | 683,895 |
| Accumulated other comprehensive income (loss) | | **(87,362)** | | 189,201 |
| Retained earnings | | **6,985,994** | | 7,057,907 |
| **Total stockholders' equity** | | **7,582,537** | | 7,931,013 |
| **Total liabilities and stockholders' equity** | $ | **13,338,148** | $ | 12,918,971 |

# STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

| | Years Ended March 31, | |
|---|---|---|
| | **2023** | 2022 |
| **Revenue:** | | |
| Consulting revenue | $ **30,366,727** | $ 23,599,004 |
| Consulting revenue - affiliates | **-** | 1,458,225 |
| **Total revenue** | **30,366,727** | 25,057,229 |
| **Cost of revenue:** | | |
| Cost of revenue | **21,512,875** | 16,926,850 |
| Cost of revenue - affiliates | **-** | 1,458,225 |
| **Total cost of revenue** | **21,512,875** | 18,385,075 |
| **Gross profit** | **8,853,852** | 6,672,154 |
| Selling, general and administrative expenses | **6,491,177** | 5,834,998 |
| **Income from operations** | **2,362,675** | 837,156 |
| **Other income:** | | |
| Gain on extinguishment of debt | **-** | 1,528,517 |
| xInterest and dividend income, net | **48,479** | 72,580 |
| **Other income** | **354,713** | 49,703 |
| Realized gain (loss) on foreign currency exchange | **(46,724)** | 88,161 |
| **Total other income** | **356,468** | 1,738,961 |
| Income before provision for income taxes | **2,719,143** | 2,576,117 |
| **Provision for income taxes, net of tax benefit (expense) in 2023 and 2022 on other comprehensive loss** | **791,056** | 947,300 |
| **Net income** | **1,928,087** | 1,628,817 |
| Other comprehensive loss: | | |
| Unrealized losses on investments | **(221,516)** | (47,851) |
| Foreign currency translation adjustment | **(51,642)** | |
| Benefit (expense) from income tax on items related to other comprehensive loss | **(3,405)** | 12,775 |
| **Other comprehensive loss, net of tax** | **(276,563)** | (35,076) |
| **Net comprehensive income** | **$ 1,651,524** | $ 1,593,741 |

# STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

**Years Ended March 31, 2023 and 2022**

| **Stockholders' equity, April 1, 2021** | **Shares** | | **Amount** | | **Additional Paid-in Capital** | | **Accumulated Other Comprehensive Income (Loss)** | | **Retained Earnings** | | **TotalStockholders' Equity** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Net income | **1,000** | **$** | **10** | **$** | **683,895** | **$** | **224,277** | **$** | **6,237,836** | **$** | **7,146,018** |
| Deemed dividends | - | | - | | - | | - | | 1,628,817 | | 1,628,817 |
| Other comprehensive loss, net of tax | - | | - | | - | | (35,076) | | - | | (35,076) |
| **Stockholders' equity, March 31, 2022** | **1,000** | | **10** | | **683,895** | | **189,201** | | **7,057,907** | | **7,931,013** |
| Net income | | | | | | | | | 1,928,087 | | 1,928,087 |
| Deemed dividends | | | | | | | | | (2,000,000) | | (2,000,000) |
| Other comprehensive loss, net of tax | | | | | | | (276,563) | | | | (276,563) |
| **Stockholders' equity, March 31, 2023** | **1,000** | **$** | **10** | **$** | **683,895** | **$** | **(87,362)** | **$** | **6,985,994** | **$** | **7,582,537** |

# STATEMENTS OF CASH FLOWS

| | | Years Ended March 31, | | |
|---|---|---|---|---|
| | | **2023** | | 2022 |
| **Cash flows from operating activities:** | | | | |
| Net income | $ | **1,928,087** | $ | 1,628,817 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation and amortization | | **117,302** | | 92,517 |
| Non-cash lease expense | | **183,679** | | - |
| Provision for bad debt expense | | **-** | | 50,000 |
| Deferred income taxes | | **(62,173)** | | (86,996) |
| Income from PPP forgiveness Change in: | | **-** | | (1,528,517) |
| Accounts receivable, trade | | **(1,325,331)** | | (375,584) |
| Other receivables | | **990,065** | | (990,065) |
| Prepaid expenses and other current assets | | **(83,803)** | | (70,031) |
| Accounts payable | | **2,674** | | 246,410 |
| Accounts payable, affiliates | | **469,668** | | 997 |
| Income taxes payable | | **(485,640)** | | 498,110 |
| Operating lease obligations | | **(262,609)** | | - |
| Accrued expenses | | **21,629** | | 1,357,945 |
| **Total adjustments** | | **(434,539)** | | (805,214) |
| **Net cash provided by operating activities** | | **1,493,548** | | 823,603 |
| **Cash flows from investing activities:** | | | | |
| Purchase of investments | | **(48,479)** | | (522,580) |
| Purchase of property and equipment | | **(177,773)** | | (70,186) |
| **Cash used in investing activities** | | **(226,252)** | | (592,766) |
| **Cash flows from financing activities:** | | | | |
| Deemed dividends paid | | **(2,000,000)** | | (808,746) |
| **Cash used in financing activities** | | **(2,000,000)** | | (808,746) |
| **Net decrease in cash and cash equivalents** | | **(732,704)** | | (577,909) |
| Cash and cash equivalents, beginning | | **4,819,832** | | 5,397,741 |
| Effect of currency translation on cash and cash equivalents | | **(51,642)** | | - |
| **Cash and cash equivalents, ending** | $ | **4,035,486** | $ | 4,819,832 |

## Note 1 - Nature of Business and Summary of Significant Accounting Policies

### Nature of Activities

Citisoft, Inc. (the “Company”) was incorporated in Delaware on September 16, 2002, and provides consulting and information technology services to the investment and financial services industry. Prior to March 1, 2022, the Company was a wholly-owned subsidiary of Citisoft Limited (formerly Citisoft Plc), located in the United Kingdom, which was a wholly-owned subsidiary of Tech Mahindra Limited, a provider of information technology services, internet services, business process outsourcing and software development. Tech Mahindra’s head office is located in Pune, Maharashtra, India. As of February 28, 2022, the Company underwent a restructuring through a Share Purchase Agreement whereby ownership of the Company was transferred from Citisoft Limited to Tech Mahindra (Americas), Inc. thereby becoming a wholly-owned subsidiary of the latter. On October 1, 2021, the Company set up a UK branch operation. On March 1, 2022, the business and assets of Citisoft Limited were transferred to the Company via an Asset Purchase and Business Transfer Agreement. The Company now provides services to customers throughout the United States, Canada and United Kingdom. The breakdown of sales is as follows for the years ended March 31:

| | | **2023** | | | 2022 | |
|---|---|---|---|---|---|---|
| United States | **$** | **22,184,740** | **73%** | $ | 19,219,133 | 82% |
| Canada | | **3,365,652** | **11%** | | 4,099,194 | 18% |
| United Kingdom | | **4,816,335** | **16%** | | 280,677 | 2% |

### Basis of Presentation

The financial statements have been prepared by the Company to reflect the results of operations and financial position of Citisoft, Inc. and United Kingdom branch as of and for the years ended March 31, 2023 and 2022, in which all significant inter-company balances and transactions have been eliminated.

### Fair Value Measurements

The Company follows the fair value standard which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value.

## Note 1 - Nature of Business and Summary of Significant Accounting Policies (Continued)

### Fair Value Measurements (Continued)

The fair value standards require that for each item carried at fair value that such be disclosed in accordance with the valuation methods used which fall into three categories as follows:

Level 1 – inputs are quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at measurement date.

Level 2 – inputs are other than quoted prices included in Level 1 that are either directly or indirectly observable.

Level 3 – inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level of input that is significant to the fair value measurement in its entirety.

It is possible that redemption rights may be restricted or eliminated by investment managers in the future in accordance with the underlying fund agreements. Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observable inputs and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Company defines cash equivalents as short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are reported at cost plus earned interest. Cash and claims to cash that are restricted as to withdrawal or uses in the ordinary course of business are classified as deposits and included in prepaid expenses and other current assets in the balance sheets at March 31, 2023 and 2022.

The Company places its temporary cash investments in high credit financial institutions. However, portions of temporary cash investments may exceed FDIC insured levels. Management monitors, on a regular basis, the financial condition of the financial institutions, along with their balances, to reduce the risk of balances exceeding FDIC insured limits.

**Note 1 - Nature of Business and Summary of Significant Accounting Policies (Continued)**

**Accounts Receivable**

The Company grants credit to its customers during the normal course of business. The Company performs ongoing credit evaluations of its customers' financial condition and generally requires no collateral from its customers. Accounts receivable balances are typically unsecured and are derived from revenues earned from customers primarily located in the United States of America. The Company monitors the creditworthiness of its customers to which it grants credit limits in the normal course of business, and its historical experience of potential credit losses which, when realized, have been within the range of management's expectations.

**Investments**

The Company's investments in marketable securities are reported in accordance with Accounting Standards Codification ("ASC") Topic 320, Investments - Debt and Equity Securities (ASC 320). Under this standard, debt and equity securities are classified into one of the following three reporting categories: held to maturity securities, trading securities or available-for-sale securities. The Company has classified marketable securities as available-for-sale securities which are recorded at fair market value at year end, with unrealized gains and losses being excluded from earnings and reflected as a component of other comprehensive income. The basis on which cost is determined in computing realized gain or loss is specific identification of the securities sold.

Below is a summary of the relationship between the cost and fair values of marketable securities held by the Company at March 31:

**2023 Level 1**

| | **Aggregate** | | | | **Accumulated** |
|---|---|---|---|---|---|
| | **Fair Value** | | **Cost** | | **Holding Gain** |
| $ | 1,253,197 | $ | 1,101,059 | $ | 152,138 |
| | **Aggregate** | | | | **Accumulated** |
| | **Fair Value** | | **Cost** | | **Holding Gain** |
| $ | 1,426,234 | $ | 1,052,580 | $ | 373,654 |

**Note 1 - Nature of Business and Summary of Significant Accounting Policies (Continued)**

**Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives which are three to five years for computer equipment, five years for furniture and fixtures and fifteen years for leasehold improvements (or the lesser of the life of the lease). When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

**Property and equipment consisted of the following as of March 31:**

| | | **2023** | | 2022 |
|---|---|---|---|---|
| Computer equipment | $ | **407,095** | $ | 325,689 |
| Leasehold improvements | | **197,052** | | 93,213 |
| Furniture and fixtures | | **36,427** | | 192,653 |
| Office equipment | | **192,936** | | 46,742 |
| | | **833,510** | | 658,297 |
| Less: accumulated depreciation | | **553,810** | | 493,731 |
| **Property and equipment, net** | $ | **279,700** | $ | 164,566 |

Depreciation expense amounted to $60,079 and $37,853 for the years ended March 31, 2023 and 2022, respectively.

**Goodwill**

Goodwill represents the difference between the purchase price and the fair value of assets and liabilities acquired in a business combination. The Company accounts for goodwill in accordance with ASC Topic 350, Intangible-Goodwill and Other (ASC 350). ASC 350 states certain intangible assets are not subject to amortization but are tested for impairment annually.

The entire balance of goodwill at March 31, 2023 and 2022 is attributable to the 2002 acquisition of The Rowan Group, a company organized by one senior executive who continues to manage the marketing and management activities of the Company.

The Company amortizes goodwill on a straight-line basis over a period of ten (10) years in accordance with ASC 350. Amortization expense amounted to $54,664 for the years ended March 31, 2023 and 2022.

**Note 1 - Nature of Business and Summary of Significant Accounting Policies (Continued)**

**Accounting for the Impairment of Long-Lived Assets**

The Company accounts for impairment or disposal of long-lived assets in accordance with ASC Topic 360, Property, Plant, and Equipment (ASC 360). ASC 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the book value of the asset may not be recoverable. The Company evaluates at each balance sheet date whether events and circumstances have occurred that indicate possible impairment. Impairment is measured by comparing the undiscounted future cash flows for the carrying value of the assets held at the Company's location. If the total expected undiscounted future cash flows are less than the carrying amount of the asset, the Company records an impairment charge. Management believes no event has occurred that would impair the value of long-lived assets recorded in the accompanying financial statements.

**Revenue Recognition**

The Company follows ASC Topic 606, Revenue from Contracts with Customers (ASC 606). ASC 606 provides comprehensive guidance for recognizing revenue from contracts with customers. Revenue is recognized when the entity transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The guidance includes a five-step framework that requires an entity to: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and

(v) recognize revenue when the entity satisfies a performance obligation.

Revenues from the performance of time-and-material consulting projects are recognized as the services are performed. Revenues from fixed price engagements are recognized on the percentage of completion basis with revisions to estimates reflected in the period in which changes become known. Provision for losses on such engagements is made during the period in which a loss becomes probable and can be reasonably estimated.

In accordance with ASC Topic 606, Revenue Recognition (ASC 606), the Company has accounted for reimbursements received for out-of-pocket expenses incurred as revenues in the statements of income and comprehensive income.

All contracts require the Company's clients to pay for out-of-pocket expenses, principally travel related expenses. Accordingly, revenue includes amounts billed for these costs and cost of revenue includes the related actual costs incurred. The timing of revenue recognition is entirely over time as services are provided. Generally, billing occurs subsequent to revenue recognition, resulting in billed receivables, which have been recorded under accounts receivable, trade on the accompanying balance sheets.

**Note 1 - Nature of Business and Summary of Significant Accounting Policies (Continued)**

**Revenue Recognition (Continued)**

Revenue by performance obligation is as follows for the year ended March 31, 2023:

| **Services Transferred over Time** | | **Consulting Revenue** | | **Consulting Revenue Affiliates** |
|---|---|---|---|---|
| Strategic assessment | $ | 609,803 | $ | - |
| Systems strategy and selection | | 2,793,300 | | - |
| Systems implementation | | 11,752,305 | | - |
| Program and project management | | 4,352,604 | | - |
| Outsourcing transition | | 10,858,715 | | - |
| | $ | **30,366,727** | $ | - |

Revenue by performance obligation is as follows for the year ended March 31, 2022:

| Services Transferred over Time | | Consulting Revenue | | Consulting Revenue Affiliates |
|---|---|---|---|---|
| Strategic assessment | $ | 354,117 | $ | - |
| Systems strategy and selection | | 1,088,113 | | - |
| Systems implementation | | 14,261,947 | | 1,458,225 |
| Program and project management | | 3,865,209 | | - |
| Outsourcing evaluation | | 3,780 | | |
| Outsourcing transition | | 4,025,838 | | - |
| | $ | **23,599,004** | $ | **1,458,225** |

**Advertising Costs**

The Company expenses the costs of advertising as incurred. Advertising costs amounted to approximately $89,100 and $81,500 for the years ended March 31, 2023 and 2022, respectively, and are included in selling, general and administrative expenses in the accompanying statements of income and comprehensive income.

**Note 1 - Nature of Business and Summary of Significant Accounting Policies (Continued) Variable Interest Entities**

Variable Interest Entities ("VIE's") are entities to which the usual condition of consolidation (ownership of a majority voting interest) does not apply. This interpretation focuses on financial interests that indicate control. Variable interests are rights and obligations that convey economic gains or losses from changes in the values of the VIE's assets and liabilities.

If a company holds a majority of the variable interests of an entity, it would be considered the primary beneficiary. The primary beneficiary would be required to include assets, liabilities and the results of operations of the VIE in its financial statements. Management has determined that no variable interest entities exist which would require disclosure or consolidation in the financial statements as of March 31, 2023 and 2022.

**Income Taxes**

Income taxes are accounted for in accordance with the provisions of ASC Topic 740, Income Taxes (ASC 740). The provisions for deferred income tax expense or benefit represent the net change during the year in the Company's deferred income tax assets or liabilities.

Deferred income tax assets represent the amount of taxes recoverable in future years (based on current tax laws) resulting from future net tax deductions arising from the temporary differences in the reporting of certain types of income and expense items for financial statement and income tax reporting purposes.

Deferred income tax liabilities represent the amount of taxes payable in future years (based on current tax laws) resulting from the future net taxable amounts arising from temporary differences in the reporting of certain types of income and expense items for financial statements and for income tax reporting purposes.

In accordance with ASU 2015-17, Income Taxes: Balance Sheet Classification of Deferred Taxes, the presentation of deferred income taxes is required to be presented as noncurrent in a classified balance sheet. Accordingly, the Company has classified the deferred tax assets and liabilities as noncurrent in the accompanying balance sheets.

The Company accounts for uncertain income tax positions under ASC 740. ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on classification, interest and penalties, disclosure and transition.

As of March 31, 2023 and 2022, the Company had no material unrecognized tax benefits and no adjustments to liabilities or operations required under ASC 740. The Company's practice was and continues to be to recognize interest and penalty expenses related to uncertain tax positions in income tax expense, which were zero for the years ended March 31, 2023 and 2022. Generally, the three preceding tax years are subject to examination by federal and state taxing authorities. There are no income tax examinations currently in process.

**Note 1 - Nature of Business and Summary of Significant Accounting Policies (Continued)**

**Recently Adopted Accounting Standard**

The Company adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 842, Leases, effective April 1, 2022 and recognized and measured leases existing at, or entered into after, April 1, 2022 through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended March 31, 2022 are made under prior lease accounting guidance.

The Company elected the available practical expedients to account for its existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Company recognized on April 1, 2022 an operating lease liability of $540,236 and a right-of-use asset of $540,236. The Company had no finance lease obligations. The standard had a material impact on the Company's balance sheets but did not have a material impact on the statements of income and comprehensive income, nor statements of cash flows. The most significant impact was the recognition of right-of-use assets and lease liabilities for operating leases.

**Subsequent Events**

The Company has evaluated subsequent events through June 6, 2023, the date the financial statements were approved to be issued.

**Note 2 - Asset Purchase and Business Transfer Agreement**

On March 1, 2021, the Company entered into an Asset Purchase and Business Transfer Agreement ("Agreement") with and among Citisoft Limited. As of the date of the Agreement, the Company agreed to purchase all net assets of Citisoft Limited (formerly Citisoft Plc) for a purchase price amount of 1,360,000 GBP ($1,844,432 USD) cash. The Citisoft Limited cash balance on hand as of the Agreement date was

$909,065 USD and is classified within other receivables on the accompanying balance sheets.

As the acquired net assets of Citisoft Limited are considered a transaction that falls under common control, it is exempt from the ASC 805, Business Combinations, accounting treatment. As a result, the Company, as the purchaser, recognized the assets acquired and liabilities assumed of Citisoft Limited as of the date of the Agreement at their carrying value and the net assets acquired will not be stepped up in fair value. A deemed dividend for the excess of purchase price over net assets received as part of the transaction totaling $808,746 was recorded through retained earnings for the year ended March 31, 2022.

**Note 3 - Federal Payroll Protection Program Loan Payable**

During 2021, the Company applied for and received a forgivable Paycheck Protection Program ("PPP") Loan of $1,528,517 as provided under the Federal Coronavirus Aid, Relief and Economic Security Act and the loan was funded during 2021. During 2022, the Company, having satisfied the terms for the loan to be forgiven, received a legal release from the obligation and it was forgiven in 2022. Accordingly, a gain on extinguishment of debt equal to the full amount of the loan is reflected in the accompanying statement of income and comprehensive income for the year ended March 31, 2022.

**Note 4 - Accrued Expenses**

Accrued expenses consist of the following as of March 31:

| | | 2023 | | 2022 |
|---|---|---|---|---|
| Employee bonus and vacation | $ | **1,971,660** | $ | 1,675,181 |
| Executive benefit plan | | **915,697** | | 994,936 |
| Canadian tax accrued on sales and services | | **-** | | 653,168 |
| Payroll taxes | | **378,973** | | 173,961 |
| Professional fees and other | | **456,015** | | 203,470 |
| | $ | **3,722,345** | $ | 3,700,716 |

**Note 5 - Income Taxes**

The provision for income taxes is comprised of the following for the years ended March 31

| | | 2023 | | 2022 |
|---|---|---|---|---|
| Federal | $ | **470,338** | $ | 263,450 |
| State | | **257,701** | | 236,247 |
| Foreign | | **125,190** | | 534,600 |
| | | **853,229** | | 1,034,297 |
| Deferred benefit: | | | | |
| Federal | | **(48,905)** | | (86,253) |
| State | | **(13,268)** | | (744) |
| | | **(62,173)** | | (86,997) |
| **Total** | $ | **791,056** | $ | 947,300 |

**Note 5 - Income Taxes (Continued)**

As of March 31, 2023 and 2022, net operating loss carryforwards for federal and state income tax purposes were either utilized in full or became available for carry-back to prior years with taxable income with a change in tax law.

Significant components of activities that gave rise to the deferred tax assets and liabilities included in the financial statements are as follows as of March 31:

| | | 2023 | | 2022 |
|---|---|---|---|---|
| Deferred tax assets (liabilities): | $ | **470,338** | $ | 263,450 |
| Accrued expenses and allowance | | | | |
| for doubtful accounts | | **247,957** | | 214,795 |
| Net operating loss, other losses Net operating loss, other losses | | | | |
| carryforward | | **70,624** | | 70,624 |
| | | **318,581** | | 285,419 |
| Depreciation and amortization | | **(116,313)** | | (145,324) |
| **Net deferred tax assets** | $ | **202,268** | $ | 140,095 |

In assessing the reliability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon generating future taxable income during the periods in which temporary differences representing net future deductible amounts become deductible.

As of March 31, 2023 and 2022, management believes a valuation allowance for any deferred tax assets is not necessary as the value of deferred tax assets is expected to be realized through profitability in subsequent years.

**Note 6 - Related Party Transactions**

The Company obtained consulting support services and related expenses from its parent company, Citisoft Plc, totaling $1,458,225 for the period April 1, 2021 to February 28, 2022. These services were in turn billed to the Company's customers in the amounts at which it was invoiced by Citisoft Plc. At March 31, 2022, the Company was indebted to Citisoft Limited (formerly Citisoft Plc) in the amount of $165,546, in connection with consulting support services. During the year ended March 31, 2023, Tech Mahindra (Americas), Inc. made tax payments on behalf of the Company. At March 31, 2023, the Company was indebted to Tech Mahindra (Americas), Inc. in the amount of $635,214.

**Note 7 - Leases**

The Company leases office equipment and office space under various operating lease agreements with terms ranging up to 5 years. Generally, the leases carry renewal options and require the Company to pay maintenance costs.

As described in Note 1, the Company recorded a right-of-use ("ROU") asset and corresponding lease liability of $540,236 at April 1, 2022 using a discount rate of 2.61%, commensurate with a risk free interest rate. During the period ended March 31, 2023, the Company obtained a right-of-use asset in exchange for a new operating lease liability in the amount of $478,290 using a discount rate of 3.85%, commensurate with a risk-free interest rate.

ROU assets represent the Company's right to use underlying assets for the lease term and lease liabilities represent an obligation to make lease payments arising from the leases. Since the leases do not provide an implicit rate, a risk-free borrowing rate based on the information available at commencement date was used in determining the present value of lease payments. Lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Rent expense under these leases totaled approximately $200,000 and $138,000 in 2023 and 2022, respectively.

Annual minimum non-cancelable rental payments under these leases for the years ending March 31 are approximately as follows:

| | | Operating Leases |
|---|---|---|
| 2024 | $ | 236,002 |
| 2025 | | 249,003 |
| 2026 | | 154,610 |
| 2027 | | 117,263 |
| 2028 | | 46,664 |
| Thereafter | | - |
| Total future minimum lease payments | | 803,542 |
| Less imputed interest | | (47,625) |
| **Total** | $ | 755,917 |

**Note 7 - Leases (Continued)**

Other information related to leases was as follows for the year ended March 31, 2023:

| | | |
|---|---|---|
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows from operating leases | $ | 262,609 |
| Right-of-use assets obtained in exchange for lease obligations: | | |
| Operating leases | $ | 1,018,526 |
| Weighted average remaining lease term: | | 3.50 years |
| Operating leases | | 3.50 years |
| Weighted average discount rate: | | |
| Operating leases | | 3.23% |

**Note 8 - Common Stock**

As of March 31, 2023 and 2022, the Company has authorized 1,000 shares of common stock with a $0.01 par value, of which 1,000 shares were issued and outstanding. All of the outstanding shares are held by the parent company, Tech Mahindra (Americas), Inc.

**Note 9 - Significant Customers**

During the years ended March 31, 2023 and 2022, approximately $9,000,000 and $7,100,000, respectively, of the Company's sales, excluding amounts billed for consulting revenue by affiliate, were to two customers. Amounts due from these customers and included in accounts receivable, trade at March 31, 2023 and 2022, amounted to approximately $1,800,000 and $707,000, respectively.

**Note 10 - Retirement Plan**

**Supplemental Executive Retirement Plan**

The Company has in effect a non-qualified deferred compensation arrangement for certain select employees. All contributions made by the Company are subject to a four year vesting period starting on the date the contribution was made and will be allocated to each participant's individual account within the Plan's investment account. For the years ended March 31, 2023 and 2022, the Company contributed $0 and $450,000, respectively, to the Plan. Contributions accumulated under the Plan are invested in marketable securities and are carried at fair market value, which, as of March 31, 2023 and 2022, amounted to $1,253,197 and $1,426,234, respectively, and are included in investments on the accompanying balance sheets. (See Note 1)

**Note 10 - Retirement Plan (Continued)**

**Corporate Owned Incentive Life Insurance Plan**

The Company has in effect a Nonqualified Deferred Pension Life Insurance Plan (the "Plan") for all eligible employees. Each employee participant may elect to defer compensation to the Plan pre-tax, subject to Internal Revenue Service limitations.

While the Company expects to continue the Plan indefinitely, it has reserved the right to modify, amend or terminate the Plan. In the event of termination, the entire amount contributed under the Plan must be applied to the payment of benefits to the participants or to their beneficiaries, as defined in the Plan, of each participant.

# TECH MAHINDRA TECHNOLOGIES INC.

**Board of Directors**
Mr. Krishna Bala (Director & President & CEO)
Mr. Manish Vyas
Mr. Lakshmanan Chidambaram

**Registered Office**
1220 N., Market Street,
# 806, Wilmington,
Delaware, USA 19801

**India Branch Office**
TMTC SEZ building, C/o. Tech Mahindra Limited
Bahadurpally, Medchal District
Hyderabad, INDIA - 500043

**Bankers**
HSBC Bank, USA and INDIA

**HO Auditors**
Chugh CPA's LLP,
California, USA

**India Branch Auditors**
M. Bhaskara Rao & Co.,
Chartered Accountants
Somajiguda, HYDERABAD – 500 082

# DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended March 31, 2023.

| **For the year ended March 31,** | **2023 US$** | **2022 US$** |
|---|---|---|
| Income | 26,629,793 | 29,369,136 |
| Profit/(Loss) before tax | 2,249,420 | 5,354,560 |
| Profit/(Loss) after tax | 1,617,561 | 3,957,992 |

**Review of Operations:**

During the year under review, your company recorded an income of US$ 26,629,793 decrease by 9% over the previous year income of 29,369,136. Profit after tax for the current year was decreased to US$ 1,617,561 compared with previous year US$ 3,957,992.

On January 11, 2017 the Company has established an international branch in India at Hyderabad and transactions for this branch are included in these consolidated financial statements.

**Board**

The Board of Directors are Mr. Krishna Bala, Mr. Manish Vyas and Mr. Lakshmanan Chidambaram.

**Dividend**

During the year under review, Board has approved a final dividend at the rate of US$ 40 per share amounting to US$ 4,000,000 for the financial year 2022-23 (Financial year 2021-22 US$ 4 million).

**Acknowledgements:**

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder/s for the co-operation and assistance received from them.

**Krishna Bala**

President, Director and CEO

Date: May 26, 2023

# REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders of Tech Mahindra Technologies, Inc.

**Opinion**

We have audited the accompanying financial statements of Tech Mahindra Technologies, Inc., a Delaware corporation, which comprise the balance sheets as of March 31, 2023 and 2022, and the related statements of income, statements of income, stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tech Mahindra Technologies, Inc. as of March 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of India branch of Tech Mahindra Technologies, Inc., which statements reflect total assets of approximately $7,030,000 and $7,935,000, as of March 31, 2023 and 2022, respectively, and total revenues of approximately $1,381,000 and $3,763,000, respectively, for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for India Branch of Tech Mahindra Technologies, Inc., is based solely on the report of the other auditors.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tech Mahindra Technologies, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tech Mahindra Technologies, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tech Mahindra Technologies, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tech Mahindra Technologies, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Chugh CPAs, LLP**

Cerritos, CA

May 26, 2023

# CONSOLIDATED BALANCE SHEETS

| Balance at March 31,2021 | 2023 | 2022 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | **$ 7,041,612** | $ 9,940,055 |
| Accounts receivable | **2,375,074** | 3,392,942 |
| Unbilled revenue | **1,505,541** | 527,409 |
| Prepaid expenses and other current assets | **36,562** | 43,960 |
| Prepaid taxes | **-** | 175,748 |
| **TOTAL CURRENT ASSETS** | **10,958,789** | 14,080,114 |
| **NON-CURRENT ASSETS** | | |
| Property and equipment, net | **12,739** | 35,663 |
| Software, net | **-** | 149,995 |
| Other assets | **5,873** | 5,873 |
| Deferred tax assets | **1,079,855** | 293,674 |
| **TOTAL NON-CURRENT ASSETS** | **1,098,467** | 485,205 |
| **TOTAL ASSETS** | **12,057,256** | $ 14,565,319 |
| **LIABILITIES AND STOCKHOLDER'S EQUITY** | | |
| **CURRENT LIABILITIES** | | |
| Accounts payable | **106,763** | $ 2,027,688 |
| Accrued expenses and other liabilities | **2,545,406** | 1,389,845 |
| Provision for income tax | **595,235** | - |
| **TOTAL CURRENT LIABILITIES** | **3,247,404** | 3,417,533 |
| **LONG-TERM LIABILITIES** | | |
| Grants repayable | **269,201** | 269,201 |
| Other non-current liabilities | **38,264** | 108,360 |
| **TOTAL LONG-TERM LIABILITIES** | **307,465** | 377,561 |
| **TOTAL LIABILITIES** | **3,554,869** | 3,795,094 |
| Commitment and contingencies | | |
| **STOCKHOLDER'S EQUITY** | | |
| Common stock, $0.01 par value (1,000,000 shares authorized; 100,000 shares issued and outstanding) | **1,000** | 1,000 |
| Additional paid- in-capital | **999,000** | 999,000 |
| Accumulated earnings | **7,510,911** | 9,893,350 |
| Accumulated other comprehensive loss | **(8,524)** | (123,125) |
| **TOTAL STOCKHOLDER'S EQUITY** | **8,502,387** | 10,770,225 |
| **TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY** | **$ 12,057,256** | $ 14,565,319 |

See accompanying notes to consolidated financial statements.

# CONSOLIDATED STATEMENTS OF INCOME

| **For the years ended March 31,** | **2023** | 2022 |
|---|---|---|
| **REVENUE** | **$ 26,629,793** | $ 29,369,136 |
| **LESS: COST OF REVENUE** | **(22,083,900)** | (21,406,900) |
| **GROSS PROFIT** | **4,545,893** | 7,962,236 |
| **LESS: OPERATING EXPENSES** | | |
| Selling, general and administrative expenses | **(2,555,927)** | (2,807,157) |
| **INCOME FROM OPERATIONS** | **1,989,966** | 5,155,079 |
| **OTHER INCOME** | | |
| Other income (expense) | **12** | (12) |
| Interest income | **259,442** | 199,493 |
| **INCOME BEFORE INCOME TAXES** | **259,454** | 199,481 |
| **LESS: PROVISION FOR INCOME TAXES** | **2,249,420** | 5,354,560 |
| Income tax - current | **1,412,676** | 1,329,010 |
| Income tax - deferred | **(786,181)** | 51,061 |
| Foreign tax- prior year | **-** | (292,179) |
| Foreign tax | **5,364** | 308,675 |
| | **631,859** | 1,396,567 |
| **NET INCOME** | **$ 1,617,561** | $ 3,957,992 |

# CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY

| | Common Stock | | Additional Paid In Capital | Accumulated Earnings | Accumulated Other Comprehensive Income | Total Stockholder's Equity |
|---|---|---|---|---|---|---|
| | Shares | Amount | | | | |
| **Balance at March 31, 2021** | | | | | | |
| Dividend | | | | (5,000,000) | - | (5,000,000) |
| Net income | | - | - | 3,957,992 | - | 3,957,992 |
| Foreign currency translation adjustments | | - | - | - | (63,440) | (63,440) |
| Remeasurement of defined benefit plan, net of tax | | - | - | - | (3,293) | (3,293) |
| **Balance at March 31, 2022** | | 1,000 | 999,000 | 9,893,351 | (123,125) | 10,770,225 |
| Dividend | | | | (4,000,000) | - | (4,000,000) |
| Net income | | - | - | 1,617,561 | - | 1,617,561 |
| Foreign currency translation adjustments | | - | - | - | 84,251 | 84,251 |
| Remeasurement of defined benefit plan, net of tax | | - | - | - | 30,350 | 30,350 |
| **Balance at March 31, 2023** | **$ 100,000** | **$ 1,000** | **$ 999,000** | **$ 7,510,911** | **$ (8,524)** | **$ 8,502,387** |

See accompanying notes to consolidated financial statements.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

| For the years ended March 31, | 2023 | 2022 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net income | **$ 1,617,561** | $ 3,957,992 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Amortization and depreciation | **172,919** | 203,661 |
| Remeasurement of defined benefit plan | **30,350** | (3,293) |
| Foreign currency translation adjustments | **84,251** | (63,440) |
| Deferred tax | **(786,181)** | 51,169 |
| (Increase) decrease in assets: | | |
| Account receivable | **1,017,868** | (945,518) |
| Unbilled revenue | **(978,132)** | 148,314 |
| Prepaid expenses and other current assets | **7,398** | (1,949) |
| Prepaid income taxes | **175,748** | (31,025) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | **(1,920,925)** | 1,875,245 |
| Unearned revenue | **-** | (210,003) |
| Accrued expenses and other current liabilities | **1,155,561** | (1,017,776) |
| Provision for income taxes | **595,235** | (263,110) |
| Other non-current liabilities | **(70,097)** | 31,296 |
| **NET CASH PROVIDED BY OPERATING ACTIVITIES** | **1,101,557** | 3,731,563 |
| **CASH FLOWS FROM FINANCING ACTIVIES** | | |
| Loan to related party | **-** | 5,000,000 |
| Dividend | **(4,000,000)** | (5,000,000) |
| **NET CASH USED IN FINANCING ACTIVITIES** | **(4,000,000)** | - |
| Net increase in cash and cash equivalents | **(2,898,443)** | 3,731,563 |
| Cash and cash equivalents, beginning of year | **9,940,055** | 6,208,492 |
| Cash and cash equivalents, end of year | **$ 7,041,612** | $ 9,940,055 |
| Supplementary disclosures: | | |
| Income taxes paid | **$ 864,880** | $ 1,883,072 |

See accompanying notes to consolidated financial statements.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Nature of operations**

Tech Mahindra Technologies Inc. the “Company” was incorporated as a Delaware corporation on September 28, 2000. The Company was formed to provide software development, professional engineering and information services. The Company is a wholly owned subsidiary of Tech Mahindra Limited (the parent company). On January 11, 2017, the Company has established an international branch in India, the transactions for this are included in these consolidated financial statements.

2. **Summary of significant accounting policies**

This summary of significant accounting policies of Tech Mahindra Technologies Inc. is presented to assist in understanding the Company’s consolidated financial statements.

**Basis of presentation and consolidation**

The consolidated financial statements are presented on the accrual method of accounting as prescribed by the generally accepted accounting principles (GAAP) in the United States of America. The consolidated financial statements include the foreign branch in India. All inter-company balances and transactions have been eliminated.

**Use of estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and cash equivalents**

For the purposes of the statements of cash flows, cash and cash equivalents are defined as highly liquid investments with maturity dates of three months or less. Included in the cash equivalents is the certificate of deposits with original maturities greater than three months and remaining maturities less than one year.

**Accounts receivable**

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. Allowance for doubtful accounts is maintained with respect to accounts determined to be uncollectible in the current period. Management determines the allowance for doubtful accounts based upon historical experience and assessment of the collectability of existing specific accounts. Accounts are written off against the allowance when they are deemed uncollectible. At March 31, 2023 and 2022, the Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

**Property and equipment**

Property and equipment are recorded at cost less depreciation. Depreciation and amortization are computed using the straight-line method over useful lives, which range from 3 to 5 years. Leasehold improvements are amortized over the shorter of the useful life of the related assets or remaining lease term.

Depreciation expenses were $172,920 and $207,660 during the years ended March 31, 2023 and 2022, respectively.

Expenditures for maintenance and repairs which are not for the permanent improvement, betterment or restoring property are charged directly to appropriate operating accounts at the time the expense is incurred.

**Impairment of long-lived assets**

The Company is required, under current accounting standards to review the carrying value of its long-lived assets, whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. As of March 31, 2023, management has determined that no impairment exists. Accordingly, no adjustments have been made to the carrying values of long-lived assets.

**Revenue recognition**

The Company earns revenue from software development and consulting services. Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customers for services are either on a time bound fixed price or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue. Revenue from fixed-price, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

In arrangements for engineering services with customers, the Company has the revenue recognition criteria for each distinct performance obligation. The arrangements with customers generally meet the criteria for considering engineering services and other related services as distinct performance obligations. For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the company is unable to determine the standalone selling price, the company uses the expected cost plus margin approach in estimating the standalone selling price. For time and material related services, the performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discounts/ incentives amount to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer’s future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs. For the years ended March 31, 2023 and 2022, volume discounts which reduced the revenue amounted to $63,120 and $129,900, respectively.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

Contract Assets and Contract Liabilities

A contract asset results when goods or services have been transferred to the customer, but payment is contingent upon a future event, other than the passage of time. The Company does not have any material unbilled receivables, therefore, does not have any contract assets. As of March 31, 2023 and 2022, total unbilled of $1,505,541 and $527,409, which refers to the revenue that was earned but not billed as of the end of the year.

The Company records contract liabilities to unearned revenue when the Company receives customer payments in advance of the performance obligations being satisfied on the Company’s contracts. As of March 31, 2023 and 2022, unearned revenue amounted to $0 and $0, respectively.

**Employee benefits**

401(k) savings plan

The Company has established a defined contribution savings plan under Section 401(k) of the Internal Revenue Code, which covers substantially all employees who meet minimum age and services requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. Company contributions to the plan may be made at the discretion of the Board of Directors. For the years ended March 31, 2023 and 2022, the Company did not make any contribution to the plan.

**Gratuity**

The Company accounts for its gratuity liability, a defined retirement benefit plan covering eligible employees. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's salary and the tenure of the employment. Liabilities with regard to a Gratuity plan are determined based on the actuarial valuation carried out by an independent actuary as at the Balance Sheet date using the Projected Unit Credit method for the Company. Actuarial gains and losses are recognized in full in other comprehensive income and accumulated in equity in the period in which they occur.

**Provident fund**

The eligible employees of the Company are entitled to receive the benefits of Provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently at 12% of the basic salary) which are charged to the statement of income. The provident fund contributions are paid to the Regional Provident Fund Commissioner by the Company. The Company has no further obligations for future provident fund and superannuation fund benefits other than its annual contributions.

**Foreign currency**

Foreign translation adjustments

The Company's other comprehensive income consists of foreign currency translation adjustments from the branch not using the U.S. dollar as its functional currency.

All assets and liabilities are translated using the exchange rate on the date of the balance sheet. Revenues, expenses, and net income are translated using prevailing on the date of the transaction. The foreign exchange adjustment that results from these translations appears in other comprehensive income.

Foreign currency transactions are recorded at exchange rates.

**Foreign exchange gain and loss**

Transaction gain and losses are included in net income which results from transactions denominated in a currency other than an its functional currency.

**Leases**

Effective January 1, 2022, the Company adopted Financial Accounting Standards Board (FASB)Accounting Standards Codification (ASC) 842, Leases. Pursuant to ASC 842, the Company has opted to apply the practical expedient available for short-term leases under ASC 842. Pursuant to this expedient, leases with durations of 12 months or less, including any extension options, are not recorded as assets and liabilities on the balance sheet. Instead, lease payments pertaining to these short-term leases are recognized as expenses evenly over the lease term.

**Income taxes**

The Company accounts for income taxes in accordance with the FASB ASC 740 (formerly SFAS No. 109, "Accounting for Income Taxes"), which requires an asset and liability approach to financial accounting and reporting of income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on the enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

Financial Accounting Standards Board issued FIN 48 now known as ASC No. 740–10 “Accounting for Uncertainty in Income Taxes”, the Company adopted FIN 48, thereafter, recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

In evaluating the Company’s tax provisions and accruals, future taxable income, and the reversal of temporary differences, interpretations and tax planning strategies are considered. The Company believes their estimates are appropriate based on current facts and circumstances.

**3. Risks and uncertainties**

In the normal course of business, the Company maintains its cash balances in a financial institution, which at times may exceed federally insured limits. The Company has not experienced any losses in such account and believes it is not subject to any significant credit risk as all its deposits are maintained in a high-quality financial institution. The balance in excess of the FDIC limits at March 31, 2023 and 2023 was approximately $6,791,612 and $2,756,000, respectively.

The Company operates in the computer industry. The fluctuations in information technology spending caused by market conditions or availability of qualified personnel to complete the projects may have significant effect on the profitability of the Company.

The Company may be exposed to currency risk which is the potential risk of loss from fluctuating foreign exchange rates related to its foreign transactions and foreign operations.

**4. Related party transactions**

The Company is wholly owned subsidiary of Tech Mahindra Limited, an India based company (parent company).

The Company has entered into professional service agreements with its parent company, including with Tech Mahindra Network Services International, Inc., Tech Mahindra Americas, Inc. and Tech Mahindra Growth Factories Limited, which are subsidiaries of the parent company.

In addition, the Company through its Branch made contributions to Tech Mahindra Foundation and Mahindra Education Institutions (non-profit organizations) which serve as the Corporate Social Responsibility (CSR) arm of Tech Mahindra.

Transactions based upon terms agreed between the parties during the years ended March 31, 2023 and 2022 are as follows:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Services received/operating expense from: | | |
| Tech Mahindra Limited | $ 618,048 | $ 666,146 |
| (for rent of the foreign branch) | | |
| Tech Mahindra Americas, Inc. | 1,025,453 | 1,309,515 |
| (for other operating and reimbursable expenses) | | |
| Tech Mahindra Cerium Systems, Inc . | 122,116 | - |
| (for subcontracting charges) | | |
| | $ 1,765,616 | $ 1,975,661 |
| Services provided to: | | |
| Tech Mahindra Limited | $ 6,075,547 | $ 6,679,918 |
| Tech Mahindra Americas, Inc. | | |
| | $ 6,075,547 | $ 6,679,918 |
| Contributions made towards CSR - India Branch | | |
| Tech Mahindra Foundation | $ - | $ 40,721 |
| Mahindra Educational Institutions | 41,978 | - |
| | $ 41,978 | $ 40,721 |
| Interest income on loan receivable : | | |
| Tech Mahindra Americas, Inc. | $ - | $ 13,749 |

Related party accounts receivable and payable are included in the accounts receivable and accounts payable account, respectively. As at March 31, 2023 and 2022, related party receivable and payable are as follows:

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Accounts receivable | | |
| Tech Mahindra Limited | $ 401,983 | $ 343,805 |
| Tech Mahindra Americas, Inc. | 5,288 | - |
| | $ 407,271 | $ 343,805 |
| Unbilled revenue | | |
| Tech Mahindra Limited | $ 196,530 | $ 184,115 |

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Provision for subcon payable: | | |
| Tech Mahindra Cerium Systems, Inc . | $ 122,116 | $ - |
| Accounts payable | | |
| Tech Mahindra Limited | 44,920 | 252,487 |
| Tech Mahindra Americas, Inc. | 56,529 | 47,751 |
| | $ 101,449 | $ 300,238 |

**Loan receivable from Tech Mahindra (Americas) Inc.**

On March 30, 2021, the Company entered into loan agreement with Tech Mahindra (Americas) Inc., the borrower, a related party, for an unsecured loan of $5 million. The loan is subject to interest of LIBOR plus eighty basis points (~ 1% p.a.) per annum on the amount borrowed and the interest is calculated from the date of disbursement. The interest is payable at the end of the tenure of the loan. The borrower agrees to repay the loan amount on or before September 30, 2021, with the borrower's option to repay the loan either in full or in installments. This was fully collected during 2022.

## 5. Property and equipment, net

Property and equipment consisted of the following:

| | **March 31, 2023** | March 31, 2022 |
|---|---|---|
| Furniture and fixtures | **$** | $ 49,521 |
| Office equipment | **4,438** | 4,438 |
| Computers and equipment | **157,725** | 155,586 |
| Leasehold improvements | **-** | 68,236 |
| | **211,684** | 277,781 |
| Less: Accumulated depreciation | **(198,945)** | (242,118) |
| **Net** | **$ 12,739** | $ 35,663 |

## 6. Software

The software pertains to the total costs of $449,987 incurred when the Company obtained a contract for the development of a commercial product beginning February 2017. Costs incurred by the Company were capitalized and reported as work in progress on the balance sheet as of March 31, 2020. During the year March 31, 2021, the Company began amortization when the product first became available for general release to customers. The annual amortization is computed using the straight-line method over the estimated economic life of the product of 3 years, as this amount is greater than amount based on the ratio of current revenue and total expected revenue.

| | **March 31, 2023** | March 31, 2022 |
|---|---|---|
| Software | **$ 449,987** | $ 449,987 |
| Less: Accumulated amortization | **(449,987)** | (299,992) |
| | **-** | $ 149,995 |

## 7. Major customers and subcontractors

Major customers

Accounts receivable balances are typically unsecured and are derived from revenues earned from customers. For the year ended March 31, 2023, the Company had two major customers, one of which is the Company's parent company (See Note 4. Related party transactions). These three customers accounted for approximately 74% and 88% of revenue and accounts receivable, respectively. For the year ended March 31, 2022, the Company had three major customers (including the Company's parent company) which accounted for 89% and 80% of revenue and accounts receivable, respectively.

**Major subcontractors**

For the year ended March 31, 2023, the Company had three major service providers which represent approximately 80% of the total subcontracting and 42% of accounts payable. For the year ended March 31, 2022, one supplier accounted for 80% of subcontracting expense and 68% of accounts payable.

## 8. Accrued compensated absences

Employees of the Company are entitled to paid vacation and sick days depending on length of service and other factors. As at March 31, 2023 and 2022, the Company accrued a total of $199,347 and $266,616, respectively, of unused vacation and sick leave. This accrued compensated absence account is included in the accrued expenses and other liabilities account.

**9. Deferred payroll tax**

The Coronavirus Aid, Relief, and Economic Security (CARES) Act Section 2302 permits the deferral of payment of the employer portion of social security taxes between March 27, 2020 and December 31, 2020, with 50% of the deferred amount due December 31, 2021 and the remaining 50% due December 31, 2022. This is included in the accrued expenses and other liabilities account. It was fully paid during the year ended March 31, 2023.

**10. Employee benefits**

| | **March 31, 2023** | March 31, 2022 |
|---|---|---|
| **A. Current and Non-current breakup:** | | |
| Current liability | **$ 3,164** | $ 12,402 |
| Non-current liability | **12,535** | 62,803 |
| Total Liability | **$ 15,699** | $ 75,205 |
| **B. Changes in defined benefit obligation:** | | |
| Defined benefit obligation (DBO) at the end of prior | **$ 69,368** | $ 55,283 |
| Service cost | **11,440** | 11,875 |
| Interest cost on the DBO | **3,529** | 4,090 |
| Past Service cost- plan amendment | **-** | 14,513 |
| Acquisitions (credit)/ cost | **(28,843)** | |
| Actuarial (gain)/loss - experience | **(29,816)** | 5,278 |
| Actuarial (gain)/loss - demographic assumptions | **-** | (1,979) |
| Actuarial (gain)/loss - financial assumptions | **(608)** | - |
| Benefits paid | **(9,371)** | (13,854) |
| DBO at end of current period | **$ 15,699** | $ 75,206 |

**C. Expected benefit payments for the year ending**

| **March 31:** | **March 31, 2023** | March 31, 2022 |
|---|---|---|
| 2024 (PY 2023) | **$ 3,286** | $ 1,280 |
| 2025 (PY 2024) | **2,799** | 1,451 |
| 2026 (PY 2025) | **4,138** | 1,478 |
| 2027 (PY 2026) | **3,164** | 1,544 |
| 2028 (PY 2027) | **3,164** | 1,900 |
| 2029(PY 2028) - 2033(PY 2032) | **12,900** | 79,427 |
| **Total** | **$ 29,451** | $ 87,080 |

**D. Amounts recognized in statement of Profit & Loss**

| | **March 31, 2023** | March 31, 2022 |
|---|---|---|
| Current Service Cost | **$ 11,440** | $ 11,875 |
| Past service cost - plan amendements | **-** | 14,513 |
| Service Cost | **11,440** | 26,388 |
| Actuarial (gains)/losses | **-** | - |
| Net interest on net defined benefit liability / (asset) | **3,529** | 4,090 |
| Cost recognized in P&L | **$ 14,969** | $ 30,478 |

**E. Amounts recognized in Other Comprehensive income (OCI):**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Net Gain/(Loss) | **$ (30,425)** | $ 3,298 |
| Service Cost | | |
| Cumulative (Gain)/ Loss Recognized via OCI at Prior Period End | **-** | - |
| Cumulative (Gain)/ Loss Recognized via OCI at Current Period End | **$ (30,425)** | $ 3,298 |

**F.The Principal Assumptions used for the purposes of the actuarial valuation as follows:**

| | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Discount Rate(s) | **7.10%** | 6.20% |
| Expected Rate(s) of salary increase | | |
| Top Management | **4.00%** | 4.00% |
| Middle Management | **4.00%** | 4.00% |
| Other Staff | **8.00%** | 8.00% |

**11. Grants repayable**

In connection with the development of commercial product described in Note 7. Software, the Company has obtained a conditional funding contract. As per the contract, the Company will periodically receive funds up to a maximum of $270,000 and has to return the same with time value based on 5% of the gross sale value realized from marketing this product expected to be refunded over a period of 5 years after completion of development of product. As of March 31, 2023 and 2022, the outstanding grant repayable was $269,201 and $269,201, respectively.

**12. Commitments**

The Company entered into a three-year non-cancelable operating lease agreement for its branch office in Hyderabad, India with its parent company. The lease agreement expired on March 1, 2020 and renewed for another three years which expired in 2023. This lease is renewed to expire on March 1, 2024.

The Company entered into lease agreements for its US offices with an unrelated party from earliest date effective April 1, 2019 and lease ended January 2023.

For the years ended March 31, 2023 and 2022, the total rent expense associated with this lease is $740,026 and $879,963, respectively, which is included in selling, general and administrative expenses.

The Indian branch has submitted an appeal in response to a demand notice concerning its income tax for the assessment year 2020-2021 (financial year 2019-2020), and the appeal is currently being processed as of the date these consolidated financial statements were issued. The outcome of the appeal is still uncertain. The outstanding disputed tax amount is 543.64 lakhs (in Indian Rupee), which is approximately equivalent to $ 662,000. The Company has not recognized any provision for this amount in the financial statements.

**13. Common stock**

Each share of common stock is entitled to one vote. The holders of common stock are also entitled to receive dividends whenever funds are legally available and when declared by the Board of Directors, subject to the prior rights of holders of all classes of stock outstanding.

During the year ended March 31, 2023, the Company’s board of directors declared and paid dividend at the rate of $40 per share on the outstanding number of shares of 100,000 for the total of $4million. During the year ended March 31, 2022, the Company’s board of directors declared and paid dividend at the rate of $50 per share on the outstanding number of shares of 100,000 for the total of $5million.

**14. Income taxes**

Deferred tax assets and liability consist of the following as of March 31, 2023 and 2022:

| | **March 31, 2023** | March 31, 2022 |
|---|---|---|
| Deferred tax assets | | |
| Accrued liabilities | **$ 220,942** | $ 287,624 |
| Provision for employee benefits | **-** | 13,401 |
| Section 174 allowance | **926,477** | - |
| Vacation accrual | **42,219** | 63,980 |
| **Total** | **$ 1,189,638** | $ 365,005 |

| | **March 31, 2023** | March 31, 2022 |
|---|---|---|
| Deferred tax assets | | |
| Depreciation & amortization | **71,665** | 71,331 |
| Provision for employee benefits | **38,118** | - |
| **Total** | **109,783** | 71,331 |
| Net | **1,079,855** | 293,674 |
| Less: valuation allowance | **-** | - |
| **Deferred tax assets, net** | **$ 1,079,855** | $ 293,674 |

Income tax (benefit)/expense consisted of the following as of March 31, 2023 and 2022:

| | **March 31, 2023** | March 31, 2022 |
|---|---|---|
| Current income tax | | |
| Federal | **$ 1,045,328** | $ 1,009,400 |
| State | **367,348** | 310,250 |
| Foreign | **5,364** | 318,035 |
| | **$ 1,418,040** | $ 1,637,685 |
| Deferred income tax (benefit) | | |
| Federal | **$ 605,322** | $ (46,835) |
| State | **212,722** | (13,586) |
| Foreign | **(31,863)** | 9,360 |
| | **$ 786,181** | $ (51,061) |

**15. Subsequent events**

The Company evaluated its consolidated financial statements for subsequent events through May 26, 2023, the date of the consolidated financial statements were issued.

# TECH MAHINDRA LLC

**Board of Managers**
Mr. Manish M Vyas
Mr. Lakshmanan Chidambaram
Mr. Krishna Bala

**Registered Office**
251 Little Falls Drive, Wilmington,
New Castle, Delaware, 19808

**Bankers**
HSBC Bank

**Auditors**
CKH CPAs and Advisors, LLC

# BOARD OF MANAGER'S REPORT

The Board of Manager's present their Report together with the audited accounts of your Company for the year ended March 31, 2023.

**Financial Results:**

| For the year ended March 31 | 2023 USD | 2022 USD |
|---|---:|---:|
| Income | **31,337** | 28,281 |
| Profit/(Loss) before tax | 0 | 0 |
| Profit/(Loss) after tax | 0 | 0 |

**Review of operations:**

During the fiscal year under review, the Company achieved an income of US$ 31,337.

The Company enters into contracts with customers based in the United States of America for the development or modification of software and other related services and then outsource all of these to Tech Mahindra Ltd, which will accept the responsibility of fulfilling the terms of these contracts.

**Board:**

Mr. Manish Vyas, Mr. Lakshmanan Chidambaram and Mr. Krishna Bala are the Board of Managers.

**Acknowledgements:**

Your Board of Managers gratefully acknowledge and also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder(s) for the co-operation and assistance received from them.

**Manish Vyas**
Board of Manager
Place: Texas
Date: May 18, 2023

# INDEPENDENT AUDITOR'S REPORT

To: Board of Directors Tech Mahindra LLC
A Delaware Limited Liability Company,
a wholly owned subsidiary of Tech Mahindra Limited, an India Company
Plano, Texas

**Opinion**

We have audited the accompanying financial statements of Tech Mahindra LLC, a Delaware Limited Liability Company, which comprise the balance sheets as of March 31, 2023 and 2022, and the related statements of operations, changes in member's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tech Mahindra LLC as of March 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tech Mahindra LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Other matters**

As discussed in Note 4 to the financial statements, the Company has had numerous transactions with the parent company.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedules of Revenue and Expenses on page 112 are presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tech Mahindra LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tech Mahindra LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tech Mahindra LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**CKH CPAs and Advisors, LLC**

CKH CPA's and Advisors, LLC Atlanta, Georgia

May 18, 2023

# BALANCE SHEETS AT MARCH 31, 2023 AND MARCH 31, 2022

| | Note | 2023 | 2022 |
|---|---|---|---|
| **Current assets:** | | | |
| Cash and cash equivalents | | **$ 500,000** | $ 1,060,475 |
| Accounts receivable, net | 3 | **$ 32,941,128** | $ 19,051,615 |
| Due from parent company | 4 | **$ 220,456** | $ 41,068 |
| Prepaid expenses | | **$ 5,359** | $- |
| | | **33,666,943** | 20,153,158 |
| **Total assets** | | **33,666,943** | 20,153,158 |
| **Current liabilities** | | | |
| Unearned revenue | | **$ 5,846,787** | $ 5,256,611 |
| Accrued expenses and other current liabilities | | **$ 19,679** | $ 59,846 |
| Due to parent company | 4 | **$ 27,790,477** | $ 14,826,701 |
| | | **33,656,943** | 20,143,158 |
| Member's equity | | **$ 10,000** | $ 10,000 |
| **Total liabilities and member's equity** | | **33,666,943** | 20,153,158 |

# STATEMENTS OF OPERATIONS FOR THE YEARS ENDED MARCH 31, 2023 AND MARCH 31, 2022

| | Schedule | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| **REVENUES** | I | **$ 31,337** | $ 28,281 |
| **OPERATING EXPENSES:** | | | |
| General and administrative | II | **$ 31,337** | $ 28,281 |
| **Total operating expenses** | | **31,337** | 28,281 |
| **NET INCOME** | | **-** | - |

# STATEMENTS OF CHANGES IN MEMBER'S EQUITY FOR THE YEARS ENDED MARCH 31, 2023 AND MARCH 31, 2022

| | Member's equity | Retained earnings | Total member's equity |
|---|---|---|---|
| **Balance at March 31, 2021** | **$ 10,000** | **$-** | **$ 10,000** |
| Net income for the year | - | - | - |
| **Balance at March 31, 2022** | **$ 10,000** | **$-** | **$ 10,000** |
| Net income for the year | - | - | - |
| **Balance at March 31, 2023** | **$ 10,000** | **$-** | **$ 10,000** |

## STATEMENTS OF CASH FLOWS

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Net Income | **$-** | $- |
| **Adjustments to reconcile net income to net cash provided by operating activities:** | | |
| Changes in operating assets and liabilities: | | |
| Accounts receivable, net | **(13,889,513)** | (7,257,244) |
| Due from parent company | **(179,388)** | 3,967,297 |
| Due to parent company | **12,963,776** | 1,725,346 |
| Prepaid expenses | **(5,359)** | - |
| Unearned revenue | **590,176** | 2,519,804 |
| Accrued expenses and other current liabilities | **(40,167)** | (53,989) |
| **Net cash (utilized in) provided by operating activities** | **(560,475)** | 901,214 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| **Net cash provided by investing activities** | **-** | - |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| **Net cash used in financing activities** | **-** | - |
| Net (decrease) increase in cash and cash equivalents | **(560,475)** | 901,214 |
| Cash and cash equivalents, beginning of period | **1,060,475** | 159,261 |
| **Cash and cash equivalents, end of period** | **500,000** | 1,060,475 |

# NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED MARCH 31, 2023 AND MARCH 31, 2022

## 1. NATURE OF OPERATIONS

Tech Mahindra LLC (“the Company” or “TMLLC”) is a wholly owned subsidiary of Tech Mahindra Ltd. (“TML”). The Company was incorporated in the State of Delaware on June 14, 2018. The Company is engaged in the business of providing software development services for clients across the United States of America.

In terms of an signed agreement between the Company and Tech Mahindra Limited (“TML”), the Company will enter into contracts with customers based in the United States of America for the development or modification of software and other related services. The Company will then outsource all of these services to TML, who will accept the responsibility of fulfilling the terms of these agreements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION

The Company has adopted the Financial Accounting Standards Board (FASB) Codification (Codification or ASC). The Codification is the single official source of authoritative accounting principles generally accepted in the United States of America (U.S. GAAP) recognized by the FASB to be applied by non-governmental entities. All of the Codification’s content carries the same level of authority.

### B. BASIS OF ACCOUNTING

These financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

### C. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

### D. REVENUE AND EXPENSES

Effective December 17, 2018, the Company has entered into a contract with Tech Mahindra Ltd.(“TML”) to outsource all services to TML. Under the contract with TML, the Company has agreed to outsource all of the services to TML at the price agreed between the Company and it’s customers. Revenue derived from the outsource of these services is recognized on time and material basis, provided that no uncertainties regarding customer acceptance exist and collection of the related receivable is probable.

Management determined, by virtue of the rights and obligations resulting from its master services agreement with TML, that it does not meet the control indicators as defined in ASC 606. The Company conducts services as agent of TML and recognizes revenue as the net amount of consideration that it retains after paying TML the consideration received in exchange for the goods or services to be provided by TML.

### E. INCOME TAXES

As a single member LLC, the Company’s income and deductions are reported on the LLC member’s corporate income tax return as a “disregarded entity” for income tax purposes. Accordingly, the member of the Company will be responsible for income taxes; therefore, no provision for income taxes is included in these financial statements. Due to various timing differences, income is recognized in different periods for tax reporting purposes than for financial statements purposes.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### F. CASH AND CASH EQUIVALENTS

The Company considers all highly-liquid investments with maturities of three months or less to be cash or cash equivalents.

The Company places its cash on deposit with a financial institution in the United States of America. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts. As of March 31, 2023, the Company had $250,000 (2022: $810,475) in excess of the Federally insured limit with the financial institution.

**G. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR BAD DEBTS**

Accounts receivable are the amounts owed on invoiced contractual agreements either in process or completed by the Company. Accounts receivable are considered delinquent when payment is not received under terms described within the individual contract's terms.

An allowance for doubtful accounts is provided for those balances considered to be uncollectible based upon historical experience and the Company's specific review of outstanding account balances. Company policy is that accounts overdue in excess of 365 days is an indicator that the receivable has potentially impaired. Bad debts are written off against the allowance when identified.

**H. UNBILLED RECEIVABLES**

Unbilled receivables represent accrued revenue earned and recognized on projects for which billings have not yet been presented to the customer.

**I. RELATED PARTIES**

All companies within the Group are considered to be related parties. Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the party in making financial and operational decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise).

**3. ACCOUNTS RECEIVABLE, NET**

At March 31, 2023 and 2022, accounts receivable balances were as follows:

| | **2023** | 2022 |
|---|---|---|
| Amounts due for services rendered and billed | **$ 23,311,737** | $ 16,893,402 |
| Less: allowance for discounts | **(92,583)** | (286,532) |
| Less: allowance for doubtful debts | **(290,216)** | - |
| Amounts due for services rendered and billed, net | **22,928,938** | 16,606,870 |
| Amounts due for services rendered, not billed | **10,012,190** | 2,444,745 |
| Total accounts receivable, net | **$ 32,941,128** | $ 19,051,615 |

**4. TRANSACTIONS WITH PARENT Company**

During the period ended March 31, 2023 and 2022, the Company had transactions with Tech Mahindra Ltd.("TML"). At March 31, 2023 and 2022 the Company had payables due to TML as follows:

| | **2023** | 2022 |
|---|---|---|
| Beginning balance, due to | **$ (14,785,633)** | $ (9,092,990) |
| Cost of services from TML | **(123,908,547)** | (103,016,994) |
| Reimbursements | **(51,742)** | - |
| Payments to parent Company | **110,457,377** | 97,152,234 |
| Revenue from TML | **718,524** | 172,117 |
| **Ending balance, due to** | **$ (27,570,021)** | $ (14,785,633) |
| Due (to) consists of: | **$ (27,790,477)** | $ (14,826,701) |
| Amounts due to TML | **220,456** | 41,068 |
| Amounts due from TML | **$ (27,570,021)** | $ (14,785,633) |

Amounts due to and receivable from TML are interest free and payable on demand.

**5. COMMITTMENTS AND CONTINGENCIES**

The Company is not involved in any legal proceedings in the ordinary course of its business.

## 6. CONCENTRATION OF CREDIT RISK

### REVENUE AND ACCOUNTS RECEIVABLE

The majority of the Company's sales are credit sales. The concentration for revenue and billed accounts receivable, for the period ended March 31, 2023, is predominately from the following customers:

| Billed accounts receivable as at 31 March, 2023 | Amount, $ | Concentration |
|---|---|---|
| Customer 2 | 12,425,659 | 53% |
| Customer 4 | 6,605,481 | 28% |
| Customer 1 | 2,474,598 | 11% |

| Billed accounts receivable as at 31 March, 2022 | Amount, $ | Concentration |
|---|---|---|
| Customer 1 | 6,646,363 | 39% |
| Customer 4 | 4,391,698 | 26% |
| Customer 5 | 2,107,684 | 12% |

| Revenue concentration for the 12 months ended March 31, 2023 | Amount, $ | Concentration |
|---|---|---|
| Customer 1 | 52,488,215 | 42% |
| Customer 3 | 30,896,852 | 25% |
| Customer 2 | 21,043,784 | 17% |

| Revenue concentration for the 12 months ended March 31, 2022 | Amount, $ | Concentration |
|---|---|---|
| Customer 1 | 52,803,701 | 51% |
| Customer 2 | 22,705,661 | 22% |
| Customer 5 | 9,839,194 | 10% |

## 7. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined under Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures" ("ASC 820"), as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1–inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.

Level 2–inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.

Level 3–inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

The carrying amounts of cash, accounts receivable and accounts payable approximate fair value due to the short-term maturity of the instruments.

## 8. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 18, 2023. No significant events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

# SUPPLEMENTAL SCHEDULES OF REVENUE AND EXPENSES

| | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| **Schedule I** | | |
| **REVENUE** | | |
| Contract revenue from third parties | **$ 123,908,548** | $ 103,016,994 |
| Transfer to parent or affiliated companies | **(123,908,548)** | (103,016,994) |
| | **$-** | $- |
| Revenue from parent or affiliated companies | **$ 31,337** | $ 28,281 |
| Revenue from third parties | **-** | - |
| | **$ 31,337** | $ 28,281 |
| **Schedule II** | | |
| **GENERAL AND ADMINISTRATIVE** | | |
| Insurance | **$ 16,080** | $ 11,623 |
| Professional fees | **15,117** | 16,480 |
| Bank charges | **76** | 53 |
| | **125** | 64 |
| | **$ 31,337** | $ 28,281 |

# HEALTHNXT INC.

**Board of Directors**
Mr. Vivek Satish Agarwal
Mr. Richard Caplin

**Registered Office**
251 Little Falls Drive,
City of Wilmington, 19808, County of
New Castle Delaware

**Bankers**
JP Morgan Chase & Co

**Auditors**
CKH CPA's and Advisors, LLC

# INDEPENDENT AUDITOR'S REPORT

To: Management
HealthNxt Inc.
5700 Democracy Drive
Suite 2000
Plano, Texas 75024

**Opinion**

We have audited the accompanying financial statements of HealthNxt Inc., incorporated in Delaware ("the Company"), which comprise the balance sheets as of March 31, 2023 and 2022, and the related statements of operations, changes in stockholder's equity and cash flows for the periods then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HealthNxt Inc. as of March 31, 2023 and 2022, and the results of its operations and its cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HealthNxt Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Other matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedules of Expenses on page 127 is presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HealthNxt Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HealthNxt Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HealthNxt Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CKH CPA's and Advisors, LLC
Atlanta, Georgia
May 29, 2023

# BALANCE SHEETS

**AT MARCH 31,**

| (All amounts are in USD) | Notes | 2023 | 2022 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | | **3,528** | 83,006 |
| Accounts receivable, net | 3 | **80,748** | 115,914 |
| Prepaid expenses and other current assets | | **-** | 17,707 |
| **Total current assets** | | **84,276** | 216,627 |
| **Non-current assets** | | | |
| Deferred tax asset | 4 | **768,319** | 364,245 |
| Intangible assets, net | 5 | **2,570,668** | 1,985,885 |
| Equity securities | 6 | **3,000,000** | 3,000,000 |
| **Total non-current assets** | | **6,338,987** | 5,350,130 |
| **Total assets** | | **6,423,263** | 5,566,757 |
| **Current liabilities** | | | |
| Accounts payable | | **432,476** | 320,509 |
| Due to related parties | 7 | **2,480,726** | 1,216,100 |
| **Total current liabilities** | | **2,913,202** | 1,536,609 |
| **Total liabilities** | | **2,913,202** | 1,536,609 |
| **Stockholder's equity** | | | |
| Equity attributable to stockholder of the Company | 10 | **6,400,000** | 5,400,000 |
| Accumulated deficit | | **(2,889,939)** | (1,369,851) |
| **Total liabilities and Stockholder's equity** | | **6,423,263** | 5,566,757 |

**Commitments and contingencies (Note 8)**

# STATEMENTS OF OPERATIONS

**FOR THE PERIODS ENDED MARCH 31, 2023 and MARCH 31, 2022**

| | Schedules / Notes | 12 Months of 2023 | 11 Months and 4 days of 2022 |
|---|---|---|---|
| REVENUES | | **74,214** | 124,782 |
| Sales of equipment | | **74,214** | 124,782 |
| COST OF REVENUES | | **60,629** | 92,016 |
| Cost of equipment | | **60,629** | 92,016 |
| **GROSS PROFIT** | | **13,585** | 32,767 |
| **OPERATING EXPENSES:** | | | |
| Personnel | | **526,892** | 486,895 |
| Contract labor | | **275,128** | 403,494 |
| Research and development | | **774,724** | 353,118 |
| General and administrative | I | **361,003** | 523,357 |
| | | **1,937,747** | 1,766,863 |
| **OPERATING LOSS** | | **(1,924,162)** | (1,734,096) |
| **Loss before income tax expense** | | **(1,924,162)** | (1,734,096) |
| INCOME TAX BENEFIT | 4 | **404,074** | 364,245 |
| **NET LOSS** | | **(1,520,088)** | (1,369,851) |

**All revenue and loss for the year is generated from continuing operations.**

# STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

**FOR THE PERIODS ENDED MARCH 31, 2023 and MARCH 31, 2022**

| | Common Stock | Share Premium | Accumulated Deficit | Total Stockholder's Equity |
|---|---|---|---|---|
| Issue of common shares | 188,350 | 5,211,650 | - | 5,400,000 |
| Net loss for the period | - | - | (1,369,851) | (1,369,851) |
| **Balance at March 31, 2022** | **$188,350** | **$5,211,650** | **$(1,369,851)** | **$4,030,149** |
| Issue of common shares | 34,880 | 965,120 | - | 1,000,000 |
| Net loss for the year | - | - | (1,520,088) | (1,520,088) |
| **Balance at March 31, 2023** | **$223,230** | **$6,176,770** | **$(2,889,939)** | **$3,510,061** |

# STATEMENTS OF CASH FLOWS

**FOR THE PERIODS ENDED MARCH 31, 2023 AND MARCH 31, 2022**

| | **12 Months of 2023** | 11 Months and 4 days of 2022 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net Loss | **(1,520,088)** | (1,369,851) |
| **Adjustments to reconcile net loss to net cash provided by (used in) operating activities:** | | |
| Deferred income tax benefit | **(404,074)** | (364,245) |
| **Changes in operating assets and liabilities:** | | |
| Accounts receivable, net | **35,166** | (115,914) |
| Due to related parties | **1,264,626** | 1,216,100 |
| Prepaid expenses and other current assets | **17,707** | (17,707) |
| Accounts payable | **111,968** | 320,509 |
| **Net cash used in operating activities** | **(494,695)** | (331,109) |
| Cash flows from investing activities | | |
| Capitalized software costs | **(584,783)** | (1,985,885) |
| **Net cash used in investing activities** | **(584,783)** | (1,985,885) |
| **Cash flows from financing activities** | | |
| Shares issued (see supplemental disclosure below) | **1,000,000** | 2,400,000 |
| **Net cash provided by financing activities** | **1,000,000** | 2,400,000 |
| Net (decrease) increase in cash | **(79,478)** | 83,006 |
| Cash and cash equivalents at beginning of year | **83,006** | - |
| **Cash and cash equivalents at March 31** | **3,528** | 83,006 |

**Supplemental disclosure of cash flow information:**

During the period ended March 31, 2022 the parent, Tech Mahindra (Americas) Inc., contributed the investment in VitalTech Holdings Inc. (a non cash contribution) to the value of $3,000,000, in exchange for share capital.

# NOTES TO THE FINANCIAL STATEMENTS

**AS OF AND FOR THE PERIODS ENDED MARCH 31, 2023 AND MARCH 31, 2022**

## 1. GENERAL INFORMATION

HealthNxt Inc. ("the Company") is a virtual healthcare company that provides a fully integrated inpatient experience at home. The Company filed articles of incorporation with the State of Delaware on April 27, 2021. The company is a wholly owned subsidiary of Tech Mahindra (Americas) inc.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. BASIS OF ACCOUNTING

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### B. ACCOUNTING ESTIMATES

Significant estimates and assumptions made by management include the determination of:

The useful life and the average period of benefit associated with capitalized software costs.

The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the result of which forms the basis for making judgments about the carrying values of assets and liabilities.

### C. REVENUE RECOGNITION

Revenue from software services contracts is recognized as the services are performed and amounts are earned. The Company considers amounts to be earned once evidence of an arrangement has been obtained, services are provided, fees are fixed or determinable, and collectability is reasonably assured.

The Company recognizes revenue from product sales generally upon delivery to the customer, or at the shipping point in situations where the customer picks up the product or where delivery terms so stipulate. This represents the point at which title and risks and rewards of ownership of the product are passed, provided that there are no uncertainties regarding customer acceptance, there is persuasive evidence that an arrangement exists, the price to the buyer is fixed or determinable and ability to collect is deemed reasonably assured.

### D. COST OF REVENUE

Direct costs for employee or contractor placements consists of salaries and contract payments (mainly from hours), payroll taxes, insurance costs as well as reimbursable costs such as travel, lodging or entertainment.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. This includes all direct costs for the purchase of materials, employee cost and contractor expenses.

### E. ADVERTISING

The Company expenses all costs for advertising as and when they are incurred. Advertising costs, for the years ending March 31, 2023 and 2022, was $1,500 and $74,706 respectively.

### F. RESEARCH AND DEVELOPMENT

The Company expenses all research costs as incurred while qualifying development cost is capitalized as part of capitalized software costs.

### G. INCOME TAXES

The Company accounts for income taxes using Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes. Under FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under FASB ASC 740 the effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. HealthNxt records valuation allowances against deferred tax assets as deemed necessary.

Per FASB ASC 740-10-20, the Company follows the recognition requirements for uncertain tax positions as required by generally accepted accounting principles in the United States of America. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Company has analyzed tax positions taken for filing with the Internal Revenue Service (IRS) and all state jurisdictions where it operates.

In accordance with guidance in ASC 740-10-30-27, the Company uses a “separate return” method to allocate current and deferred taxes or benefits to members of the consolidated return group (“TMA and subsidiaries”) by applying ASC 740 to each member as if they were separate tax payers. Under the “separate return” method, the subsidiary is assumed to file a separate return with the taxing authority, thereby reporting its taxable income or loss and paying the applicable tax to or receiving the appropriate refund from the Parent.

**H. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents represents current accounts and demand deposits held at financial institutions. The Company considers all highly liquid investments with a maturity, when purchased, of three months or less to be cash equivalents. Cash equivalents include short-term highly liquid investments of sufficient credit quality that are readily convertible to known amounts of cash and have original maturities of three months or less. Cash equivalents are carried at cost, plus accrued interest, which approximates fair value. Cash equivalents are held to meet short-term liquidity requirements, rather than for investment purposes. Cash and cash equivalents are held at major financial institutions and are subject to credit risk to the extent those balances exceed applicable Federal Deposit Insurance Corporation (FDIC) limitations.

As of March 31, 2023 and 2022, the Company did not have bank balances with financial institutions that exceeded the Federally insured limit.

**I. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS**

Accounts receivable are the amounts owed on invoiced contractual agreements either in process or completed by the Company. Accounts receivable are considered delinquent when payment is not received under terms described within the individual contract’s terms.

An allowance for doubtful accounts is provided for those balances considered to be uncollectible based upon historical experience and the Company’s specific review of outstanding account balances. Company policy is that accounts overdue in excess of 365 days and not subject to offsetting is a strong indicator that the receivable has potentially impaired. Bad debts are written off against the allowance when identified.

**J. UNBILLED RECEIVABLES**

Unbilled receivables represent accrued revenue earned and recognized on projects for which billings have not yet been presented to the customer.

**K. CAPITALISED SOFTWARE COST**

The Company capitalizes costs related to its major service products and certain projects for internal use incurred during the application development stage. Costs related to preliminary project activities and post implementation activities are expensed as incurred. Internal-use software is amortized on a straight-line basis over its estimated useful life, which is generally five to ten years. Management evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets.

**L. EQUITY SECURITIES**

The Company holds strategic investments in privately held equity securities in which the Company does not have a controlling interest or significant influence. Privately held equity securities without a readily determinable fair value are recorded at cost as described. If, based on the terms of these privately held securities, the Company determines that the Company exercises significant influence on the entity to which these securities relate, the Company will apply the equity method of accounting for such investments.

Privately held equity securities are valued using significant unobservable inputs or data in an inactive market and the valuation requires the Company’s judgment due to the absence of market prices and inherent lack of liquidity. The carrying value is not adjusted for the Company’s privately held equity securities if there are no observable price changes in a same or similar security from the same issuer or if there are no identified events or changes in circumstances that may indicate impairment, as discussed below. In determining the estimated fair value of its strategic investments in privately held companies, the Company utilizes the most recent data available to the Company. Valuations of privately held companies are inherently complex due to the lack of readily available market data. In addition, the determination of whether an orderly transaction is for a same or similar investment requires significant management judgment including the nature of rights and obligations of the investments, the extent to which differences in those rights and obligations would affect the fair values of those investments, and the impact of any differences based on the stage of operational development of the investee.

The Company regularly assesses its privately held equity securities strategic investment portfolio for impairment. The Company's impairment analysis encompasses an assessment of the severity and duration of the impairment and qualitative and quantitative analysis of other key factors including the investee's financial metrics, the investee's products and technologies meeting or exceeding predefined milestones, market acceptance of the product or technology, other competitive products or technology in the market, general market conditions, management and governance structure of the investee, the investee's liquidity, debt ratios and the rate at which the investee is using its cash.

**M. RELATED PARTIES**

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the party in making financial and operational decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise). The Company did business, including a lease agreement with a provider in which a certain employee of the Company owns an interest. Transactions involving related parties are carried out on an arm's length basis.

At March 31, 2023 and March 31, 2022, accounts receivable balances were as follows:

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| Amounts due for services rendered and billed | **80,748** | 115,914 |
| Less: allowance for doubtful accounts | **-** | - |
| Amounts due for services rendered and billed, net | **80,748** | 115,914 |
| Amounts due for services rendered, not billed | **-** | - |
| Total accounts receivable, net | **80,748** | 115,914 |

Bad debts written off for the periods ended March 31, 2023 and March 31, 2022 was $0.

Subsequent to year end, 3% of accounts receivable at March 31, 2023 had been collected. Management has assessed the recoverability of the receivables and do not foresee any further impairments.

**4. INCOME TAXES**

The Company accounts for income taxes under the provisions of the FASB ASC 740, Income Taxes, as described in Note 2G above.

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| **Current income tax (benefit) expense consists of the following:** | | |
| Federal | **-** | - |
| State | **-** | - |
| | **-** | - |
| **Deferred income tax benefit consists of the following:** | | |
| Federal | **(404,074)** | (364,245) |
| State | **-** | - |
| | **(404,074)** | (364,245) |
| **Total current and deferred income tax benefit** | **(404,074)** | (364,245) |

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| **Deferred tax asset consists of the following:** | | |
| Federal | **768,319** | 364,245 |
| State | **-** | - |
| | **768,319** | 364,245 |

As of March 31, 2023, the Company had incurred net operating losses (NOLs) available to be carried forward of $3,658,258. A deferred tax asset has been raised regarding NOLs as the Parent is able to utilise the losses in the consolidated tax return of the group.

In the ordinary course of business there are many transactions with affiliated companies that affect the calculation and estimation of the Company's tax liability. Although management believes that the Company's tax estimates are reasonable, there is no assurance that the final determination of tax liability will not be different from what is reflected in the Company's historical income tax provisions and accruals.

The Company does not anticipate any amount to be recognized related to the Company's uncertain tax position.

## 5. INTANGIBLE ASSETS, NET

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| At March 31, 2023 and March 31, 2022, intangible asset balances were as follows: | | |
| Externally developed software | **2,470,668** | 1,885,885 |
| Other capitalized development costs | **100,000** | 100,000 |
| Less: accumulated amortization | **-** | - |
| | **2,570,668** | 1,985,885 |

Amortization expense for the year ending March 31, 2023 and March 31, 2022 was $0. The intangible asset is in the development phase and no amortization recorded during the period.

## 6. EQUITY SECURITIES

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| At March 31, 2023 and March 31, 2022 equity securities consisted of the following: | | |
| VitalTech Holdings Inc. | **3,000,000** | 3,000,000 |

The Company holds 2,142,858 shares of Series 1 Preferred Stock of VitalTech Holdings Inc. (a private company), purchased at $ 1.40 per share. Additionally, the Company holds 2,274,418 performance warrants to purchase an equivalent number of common stock shares. The holder of common stock shares are entitled to one vote for each share of common stock hold

## 7. TRANSACTIONS WITH RELATED PARTIES

During the periods ended March 31, 2023 and March 31, 2022, the Company had transactions with the following related parties. At March 31, 2023 and March 31, 2022 the Company had payables due (to) from related parties as follows:

| **Tech Mahindra (Americas), Inc.("TMA")** | **2023** | 2022 |
|---|---|---|
| Opening balance | **-** | - |
| Payment to TMA | **-** | 6,000 |
| Expense reimbursement | **-** | (6,000) |
| Ending balance, due from (to) | **-** | - |

| **Tech Mahindra Limited ("TechM")** | **2023** | 2022 |
|---|---|---|
| Opening balance | **(1,022,031)** | - |
| Cost of services | **(596,168)** | (1,022,031) |
| Ending balance, due (to) from | **(1,618,199)** | (1,022,031) |

| **Born Group Inc ("Born")** | **2023** | 2022 |
|---|---|---|
| Opening balance | **(72,912)** | - |
| Expense reimbursement | **(84,209)** | (116,812) |
| Payments to | **-** | 43,900 |
| Ending balance, due (to) from | **(157,121)** | (72,912) |

| CJS Solutions Group LLC ("CJS") | 2023 | 2022 |
|---|---|---|
| Opening balance | **(121,157)** | - |
| Expense reimbursement | **(584,249)** | (1,021,157) |
| Payments to | **-** | 900,000 |
| Ending balance, due (to) from | **(705,406)** | (121,157) |
| | | |
| Amounts due to related parties | | (1,216,100) |

### 8. COMMITMENTS AND CONTINGENCIES

The Company does not currently have any commitments or contingencies arising in the ordinary course of its business.

### 9. COMMON STOCK

| | 2023 | 2022 |
|---|---|---|
| | **Number of shares** | Number of shares |
| Class A Common Stock shares of par value $0.01 issued and paid at $ 0.2867 per share | **22,322,986** | 18,835,019 |

The Company is authorized to issue 30,000,000 shares of Class A Common Stock, par value $0.01 per share, and 26,000,000 shares of Class B Common Stock, par value $0.01 per share, and 19,000,000 shares of Class C Non-Voting Common Stock, par value $0.01 per share.

### 10. CONCENTRATION OF CREDIT RISK

### REVENUE AND ACCOUNTS RECEIVABLE

The majority of the Company's sales are credit sales. The following are customer concentration for sales for the periods ended March 31, 2023 and March 31, 2022 and billed accounts receivable as at March 31, 2023 and March 31, 2022.

**Revenue concentration for the period ended March 31, 2023:**

| | Amount, $ | Concentration |
|---|---|---|
| Customer A | **60,437** | 81% |
| Customer B | **13,777** | 19% |

**Billed accounts receivable concentrations as at March 31, 2023:**

| | 2023 | 2022 |
|---|---|---|
| Customer A | **66,971** | 83% |
| Customer B | **13,777** | 17% |

**Revenue concentration for the period ended March 31, 2022:**

| | Amount, $ | Concentration |
|---|---|---|
| Customer A | **115,914** | 93% |
| Customer B | **8,868** | 7% |

**Billed accounts receivable concentrations as at March 31, 2022:**

| | Amount, $ | Concentration |
|---|---|---|
| Customer A | **115,914** | 100% |

**11. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is defined under Accounting Standards Codification (“ASC”) 820, “Fair Value Measurements and Disclosures” (“ASC 820”), as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1–inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.

Level 2–inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.

Level 3–inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

The carrying amounts of cash, equity securities, accounts receivable and accounts payable approximate fair value due to the short-term maturity of the instruments (these are all level 3).

**12. SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through May 29, 2023. No significant events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

# SUPPLEMENTAL SCHEDULES OF EXPENSES

### FOR THE PERIODS ENDED MARCH 31, 2023 AND MARCH 31, 2022

| | 12 Months of 2023 | 11 Months and 4 days of 2022 |
|---|---|---|
| | $ | $ |
| **Schedule I** | | |
| **GENERAL AND ADMINISTRATIVE** | | |
| Franchise tax | **195,313** | - |
| Professional fees | **107,619** | 392,148 |
| Travel expenses | **31,761** | 35,302 |
| Software subscription fees | **17,707** | 10,419 |
| Bank charges | **7,103** | 4,782 |
| Advertising and marketing expenses | **1,500** | 74,706 |
| Insurance | **-** | 6,000 |
| | **361,003** | 523,357 |

# EVENTUS SOLUTIONS GROUP, LLC

**Board of directors**

Mr. Vivek Satish Agarwal
Mr. Manish M Vyas

**Registered office**

9777 Pyramid Court
Suite 160 Englewood
Colorado 80112

**Bankers**

JP Morgan Chase, N.A.

**Auditors**

CKH CPA's and Advisors, LLC

# INDEPENDENT AUDITOR'S REPORT

To the Member
of Eventus Solutions Group, LLC Englewood, Colorado

**Opinion**

We have audited the accompanying financial statements of Eventus Solutions Group, LLC (a Colorado Limited Liability Company), which comprise the balance sheets as of March 31, 2023 and 2022, and the related statements of operations and comprehensive income, changes in member's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eventus Solutions Group, LLC as of March 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Eventus Solutions Group, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Other matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedules of Revenue and Expenses on page 146 is presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Eventus Solutions Group, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Eventus Solutions Group, LLC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Eventus Solutions Group, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CKH CPAs and Advisors, LLC
CKH CPA's and Advisors, LLC Atlanta, Georgia
May 11, 2023

# BALANCE SHEETS AT MARCH 31, 2023 AND 2022

| | Notes | 2023 | 2022 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 3 | **5,322,228** | 5,314,015 |
| Accounts receivable, net | 4 | **16,032,835** | 11,830,736 |
| Due from related parties | 5 | **2,512,604** | 690,963 |
| Prepaid expenses and other current assets | | **651,031** | 1,464,849 |
| Income tax receivable | | **-** | 41,430 |
| | | **$ 24,518,698** | $ 19,341,993 |
| **Non-current assets** | | | |
| Deferred tax asset | 6 | **1,056,960** | 114,753 |
| Right of use asset | 8 | **54,396** | - |
| Property and equipment, net | 7 | **243,039** | 297,870 |
| Deposits | | **59,035** | 59,035 |
| | | **$ 1,413,430** | 471,658 |
| **Total assets** | | **$ 25,932,128** | $ 19,813,651 |
| **Current liabilities** | | | |
| Accounts payable | | **1,384,916** | 832,411 |
| Accrued compensation | | **5,168,438** | 2,108,487 |
| Deferred revenue | | **1,347,550** | 2,220,978 |
| Due to related parties | 5 | **3,352,323** | 746,879 |
| Operating lease liabilities - short-term | 8 | **57,050** | - |
| Other accrued expenses | 9 | **2,027,150** | 2,624,447 |
| Income tax payable | | **1,274,623** | - |
| | | **$ 14,612,050** | $ 8,533,202 |
| **Total liabilities** | | **$ 14,612,050** | $ 8,533,202 |
| Commitments and contingencies (Note 11) | | | |
| Member's equity | 10 | **11,320,078** | 11,280,449 |
| **Total liabilities and member's equity** | | **$ 25,932,128** | $ 19,813,651 |

The accompanying notes are an integral part of these financial statements.
See independent auditor’s report and notes to financial statements

# STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

| | Schedule/ Notes | 2023 | 2022 |
|---|---|---|---|
| **Revenues** | I | **62,937,850** | 48,856,761 |
| Cost of revenues | II | **49,284,117** | 34,195,820 |
| **Gross profit** | | **$ 13,653,733** | $ 14,660,941 |
| Operating expenses: | | | |
| General and administrative | III | **6,819,635** | 6,687,014 |
| Depreciation | 7 | **115,033** | 108,785 |
| **Total operating expenses** | | **$ 6,934,668** | $ 6,795,799 |
| Operating income | | **$ 6,719,065** | $ 7,865,142 |
| **Non-operating income (expense)** | | | |
| Transactional expenses | IV | **(718,436)** | (8,225,809) |
| (Loss) gain realized on sale of investment | | **(95,144)** | 134,847 |
| Interest income | | **-** | 3,556 |
| Interest expense | | **(4,932)** | (1,414) |
| **Profit (loss) before income tax benefit** | | **$ 5,900,553** | $ (223,678) |
| Income tax (expense) benefit | 6 | **(1,494,966)** | 57,335 |
| **Net income (loss)** | | **$ 4,405,587** | $ (166,343) |
| Other comprehensive income | | | |
| Unrealized loss on securities | | **-** | (134,850) |
| Deferred tax expense | 6 | **-** | 34,252 |
| **Comprehensive profit (loss)** | | **$ 4,405,587** | $ (266,941) |

All revenue and profit (loss) for the year are generated from continuing operations.

# STATEMENTS OF CHANGES IN MEMBER'S EQUITY FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

| | Member's capital | Accumulated profits | Accumulated other comprehensive income | Total member's equity |
|---|---|---|---|---|
| **Balance at April 1, 2021** | **$ 734,879** | **$ 6,205,621** | **$ 100,598** | **$ 7,041,098** |
| Capital contribution at acquisition | 4,506,292 | - | - | 4,506,292 |
| Net loss for the year | - | (166,343) | - | (166,343) |
| Other comprehensive loss | - | - | (100,598) | (100,598) |
| **Balance at March 31, 2022** | **$ 5,241,171** | **$ 6,039,278** | **$ -** | **$ 11,280,449** |
| Capital contribution at acquisition | 4,334,042 | - | - | 4,334,042 |
| Net income for the year | - | 4,405,587 | - | 4,405,587 |
| Dividends paid | - | (8,700,000) | - | (8,700,000) |
| **Balance at March 31, 2023** | **$ 9,575,213** | **$ 1,744,865** | **-** | **$ 11,320,078** |

The accompanying notes are an integral part of these financial statements.
See independent auditor's report and notes to financial statements

# STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

| | Notes | 2023 | 2022 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net income (loss) | | **$ 4,405,587** | $ (166,343) |
| **Adjustments to reconcile net income to net cash provided by (used in)** | | | |
| operating activities: | | | |
| Depreciation | | **115,033** | 108,785 |
| Gain realized on equity securities - through profit and loss | | **-** | (134,847) |
| Lease expense (excluding rent expense) | | **326,353** | - |
| Current income tax expense | | **2,472,396** | 6,154 |
| Deferred income tax benefit | | **(977,430)** | (63,489) |
| **Changes in operating assets and liabilities:** | | | |
| Accounts receivable, net | | **(4,202,099)** | (6,159,637) |
| Prepaid expenses | | **813,818** | (553,371) |
| Deposits | | **-** | (35,000) |
| Accounts payable | | **552,505** | (70,410) |
| Accrued compensation | | **3,059,951** | 41,243 |
| Deferred revenue | | **(873,428)** | 1,609,261 |
| Due from related parties | | **(1,821,641)** | (690,963) |
| Due to related party | | **2,605,444** | 746,879 |
| Other accrued expenses | | **(597,297)** | 1,809,654 |
| Operating lease payments | | **(323,699)** | - |
| Income taxes payable | | **(1,121,120)** | (433,369) |
| Net cash provided by (used in) operating activities | | **4,434,373** | (3,985,453) |
| **Cash flows from investing activities** | | | |
| Available for sale securities | | **-** | 1,016,299 |
| Capital expenditures | | **(60,202)** | (107,210) |
| **Net cash (used in) provided by investing activities** | | **(60,202)** | 909,089 |
| **Cash flows from financing activities** | | | |
| Capital contribution at acquisition | | **4,334,042** | 4,506,292 |
| Repayment of notes payable to former unit holders | | **-** | (3,210,668) |
| Dividends paid | | **(8,700,000)** | - |
| **Net cash (used in) provided by financing activities** | | **(4,365,958)** | 1,295,624 |
| Increase (decrease) in cash and cash equivalents | | **8,213** | (1,780,740) |
| Cash and cash equivalents at the beginning of year | | **5,314,015** | 7,094,755 |
| **Cash and cash equivalents at end of year** | | **$ 5,322,228** | $ 5,314,015 |
| **Supplemental disclosure of cash flow information:** | | | |
| Cash paid for interest | | **4,932** | 1,414 |
| Cash paid for income taxes | | **1,419,795** | 349,693 |

The accompanying notes are an integral part of these financial statements.
See independent auditor’s report and notes to financial statements

# NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED MARCH 31, 2023 AND MARCH 31, 2022

## 1. NATURE OF OPERATIONS

Eventus Solutions Group, LLC ("the Company") filed articles of organization with the Colorado Secretary of State on April 8, 2009 as a Limited Liability Company. The Company provides implementation, consulting, managed services, business strategies and management practices to large corporate and governmental clients throughout the United States. The corporate headquarters and facilities are located at 9777 Pyramid Court Suite 160, Englewood, Colorado 80112.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. BASIS OF ACCOUNTING

These financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

### B. USE OF ESTIMATES IN PRESENTATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates and assumptions made by management include the determination of recognition of revenue, valuations of privately held equity securities and depreciation of assets recognized. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the result of which forms the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from those estimates.

### C. REVENUE RECOGNITION

Revenue from consulting services contracts is recognized as the services are performed and amounts are earned. The Company considers amounts to be earned once evidence of an arrangement has been obtained, services are provided, fees are fixed or determinable, and collectability is reasonably assured.

Revenues from these services and reimbursed costs for out of pocket expenses are presented on the statement of operations and comprehensive loss, net of allowances or adjustments for agreed changes to reimbursed costs.

### D. COST OF REVENUE

This includes all direct costs for employee and contractors consisting of salaries and contract payments, payroll taxes, insurance costs, commission, dues and subscriptions as well as reimbursable costs such a travel, lodging or entertainment.

### E. ADVERTISING

The Company expenses all costs for advertising as and when they are incurred. Advertising costs, for the years ending March 31, 2023 and 2022, was $112,221 and $192,810 respectively.

### F. INCOME TAXES

In accordance with guidance in ASC 740-10-30-27, the Company uses a "separate return" method to allocate current and deferred taxes or benefits to members of the consolidated return group ("Tech Mahindra (Americas) Inc. and subsidiaries") by applying ASC 740 to each member as if they were separate tax payers. Under the "separate return" method, the subsidiary is assumed to file a separate return with the taxing authority, thereby reporting its taxable income or loss and paying the applicable tax to or receiving the appropriate refund from the Parent.

The company accounts for income taxes using Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes. Under FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under FASB ASC 740 the effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company records valuation allowances against deferred tax assets as deemed necessary.

The accompanying notes are an integral part of these financial statements 7

**F. INCOME TAXES (CONTINUED)**

Per FASB ASC 740-10-20, the Company follows the recognition requirements for uncertain tax positions as required by generally accepted accounting principles in the United States of America. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Company has analyzed tax positions taken for filing with all state jurisdictions where it operates.

**G. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents represents current accounts and demand deposits held at financial institutions. The Company considers all highly liquid investments with a maturity, when purchased, of three months or less to be cash equivalents. Cash equivalents include short-term highly liquid investments of sufficient credit quality that are readily convertible to known amounts of cash and have original maturities of three months or less. Cash equivalents are carried at cost, plus accrued interest, which approximates fair value. Cash equivalents are held to meet short-term liquidity requirements, rather than for investment purposes. Cash and cash equivalents are held at major financial institutions and are subject to credit risk to the extent those balances exceed applicable Federal Deposit Insurance Corporation (FDIC) limitations.

**H. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS**

Accounts receivable are the amounts owed on invoiced contractual agreements either in process or completed by the Company. Accounts receivable are considered delinquent when payment is not received under terms described within the individual contract's terms.

An allowance for doubtful accounts is provided for those balances considered to be uncollectible based upon historical experience and the Company's specific review of outstanding account balances.

**I. UNBILLED RECEIVABLES**

Unbilled receivables represent accrued revenue earned and recognized on projects for which invoices have not yet been presented to the customer.

**J. PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is provided using the straight-line method and is generally based on the following useful lives:

- Computer equipment – five years;
- Security hardware – three to five years
- Leasehold improvements – five to thirty-nine years
- Furniture and fixtures – five to seven years

Expenditures for maintenance and repairs are charged to income as incurred. Additions and betterments are capitalized. When assets are retired or otherwise disposed, the related cost and accumulated depreciation are removed from the appropriate accounts and any resulting gain or loss is reflected in operations.

The Company annually reviews the status of property and equipment held by the Company for any impairment of those assets. Any such impairment would result in a permanent reduction in the recorded value of the asset. No such impairments existed at March 31, 2023 and 2022.

### K. RELATED PARTIES

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the party in making financial and operational decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise). Transactions involving related parties are carried out on an arm's length basis.

### L. LEASES

The company determines if an arrangement is a lease at inception of the arrangement. These leases are classified as either an operating lease or a finance lease. Based on the evaluation of leases for the period ended March 31, 2023, no leases meet the criteria for classification as a finance lease. Operating leases are capitalized on the consolidated balance sheet through a right-of-use ("ROU") asset and a corresponding lease liability. ROU assets represent the company's right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease.

Operating leases are included in operating lease ROU assets, current operating lease liabilities, and long-term operating lease liabilities in our consolidated balance sheets. Operating lease ROU assets and liabilities are recognized at the commencement date of an arrangement based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payments made to the lessor prior to lease commencement, less any lease incentives, and initial direct costs incurred. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The company enters into long-term contracts to lease office space in support of company operations and these have all been determined to represent operating leases.

### M. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of prepaid rent, insurance and prepaid subcontractor expenses.

### N. FAIR VALUE - DEFINITION AND HIERARCHY

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation techniques used by the Company to determine fair value are consistent with the income approaches. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access

- Level 2 – Valuations based on inputs, other than quoted prices included in Level 1, that are observable either directly or indirectly

- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The carrying amounts of cash, accounts receivable and accounts payable approximate fair value due to the short-term maturity of the instruments. The carrying amounts of the Company's floatable interest rate debt are considered reasonable estimates of fair value.

Fair value is a market-based measure, based on assumptions of prices and inputs considered from the perspective of a market participant that are current as of the measurement date, rather than an entity-specific measure. Therefore, even when observable inputs are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for investments categorized in Level 3. In some cases, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In such cases, the fair value measurement is generally categorized in its entirety in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

**O. COMMITMENTS AND CONTINGENCIES**

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

### 3. CASH AND CASH EQUIVALENTS

At March 31, 2023 and March 31, 2022, cash and cash equivalents consisted of the following:

| | 2023 | 2022 |
|---|---|---|
| Cash with banks | **$ 5,322,228** | $ 5,314,015 |
| | **5,322,228** | 5,314,015 |

The Company places its cash on deposit with financial institution in the United States of America. Cash and cash equivalents are subject to credit risk to the extent those balances exceed applicable Federal Deposit Insurance Corporation limitations. The Federal Deposit Insurance Corporation covers

$250,000 for substantially all depository accounts held by a financial institution in the United States of America. As of March 31, 2023 and 2022, the Company had $4,541,571 and $4,798,044 respectively with financial institutions in excess of the federally insured limit.

### 4. ACCOUNTS RECEIVABLE, NET

At March 31, 2023 and March 31, 2022, accounts receivable balances were as follows:

| | 2023 | 2022 |
|---|---|---|
| Amounts due for services rendered and billed | **$ 13,085,835** | $ 10,624,010 |
| Allowance for credit notes | **-** | (100,000) |
| Amounts due for services rendered and billed, net | **13,085,835** | 10,524,010 |
| Amounts due for services rendered, not billed | **$ 2,947,000** | $ 1,306,726 |
| | **16,032,835** | 11,830,736 |

Bad debts written off for the years ended March 31, 2023 and March 31, 2022 was $0. Subsequent to year end, 60% of accounts receivable at March 31, 2023 had been collected

### 5. TRANSACTIONS WITH RELATED PARTIES

During the years ended March 31, 2023 and March 31, 2022, the Company had transactions with the following related parties. At March 31, 2023 and March 31, 2022 the Company had payables due (to)/from related parties as follows:

| **Tech Mahindra (Americas), Inc. ("TMA")** | 2023 | 2022 |
|---|---|---|
| Opening balance | **605,717** | - |
| Payments made | **(939,948)** | - |
| Expense | **(229,737)** | - |
| Phantom shareholder payout | - | 605,717 |
| Closing balance | (563,968) | 605,717 |
| Due from (to) from consists of: | | |
| Amounts due to TMA | **(563,968)** | - |
| Amounts due from TMA | - | 605,717 |
| | **$ (563,968)** | $ 605,717 |

| **Tech Mahindra Limited ("TML")** | **2023** | 2022 |
|---|---|---|
| Opening balance | **85,246** | - |
| Revenue from services | **3,641,459** | 678,386 |
| Payments made | **(1,276,388)** | - |
| Expense | **(368,579)** | (593,140) |
| Closing balance | **2,081,738** | 85,246 |
| Due from (to) from consists of: | | |
| Amounts due to TML | **(430,866)** | - |
| Amounts due from TML | **2,512,604** | 85,246 |
| | **$ 2,081,738** | $ 85,246 |

| **Activus Connect, LLC ("Activus")** | **2023** | 2022 |
|---|---|---|
| Opening balance | **(746,879)** | - |
| Revenue from services | **-** | 18,135 |
| Payments made | **8,208,298** | 1,418,183 |
| Expense | **(9,654,364)** | (2,183,197) |
| Closing balance | **(2,192,945)** | (746,879) |
| Due from (to) from consists of: | | |
| Amounts due to Activus | **(2,192,945)** | (746,879) |
| Amounts due from Activus | **-** | **-** |
| | **$ (2,192,945)** | $ (746,879) |

| **Vcustomer ("VCPI")** | **2023** | 2022 |
|---|---|---|
| Revenue from services | **-** | **-** |
| Payments made | **1,057,668** | **-** |
| Expense | **(1,222,212)** | **-** |
| Closing balance | **(164,544)** | - |
| Due from (to) from consists of: | | |
| Amounts due to VCPI | **(164,544)** | **-** |
| Amounts due from VCPI | **-** | **-** |
| | **$ (2,192,945)** | $ (746,879) |
| Total amounts due to related parties | **$ (3,352,323)** | $ (746,879) |
| Total amounts due from related parties | **$ 2,512,604** | $ 690,963 |
| | **(839,719)** | (55,916) |

## 6. INCOME TAXES

The Company accounts for income taxes under the provisions of the FASB ASC 740, Income Taxes , as described in Note 2F above.

| | **2023** | 2022 |
|---|---|---|
| Current income tax expense consists of the following: | | |
| Federal | **(1,966,955)** | (5,048) |
| State | **(505,441)** | (1,106) |
| | **$ (2,472,396)** | $ (6,154) |
| Deferred income tax benefit consists of the following: | | |
| Federal through profit and loss | **793,680** | 52,491 |
| Federal through other comprehensive income | **-** | 28,319 |
| State through profit and loss | **183,750** | 10,998 |
| State through other comprehensive income | **-** | 5,933 |
| | **$ 977,430** | $ 97,741 |
| Total current and deferred state income tax (expense) benefit | **$ (1,494,966)** | $ 91,587 |
| Deferred tax asset consists of the following: | | |
| Federal | **856,138** | 94,875 |
| State | **200,822** | 19,878 |
| | **$ 1,056,960** | $ 114,753 |

In the ordinary course of business there are transactions that affect the calculation and estimation of the Company's tax liability. Although management believes that the Company's tax estimates are reasonable, there is no assurance that the final determination of tax liability will not be different from what is reflected in the Company's historical income tax provisions and accruals.

The Company does not anticipate any amount to be recognized related to the Company's uncertain tax position.

## 7. PROPERTY AND EQUIPMENT, NET

| | **2023** | 2022 |
|---|---|---|
| At March 31, 2023 and March 31, 2022, property and equipment balances were as follows: | | |
| Computer equipment | **892,581** | 832,379 |
| Security equipment | **249,883** | 249,883 |
| Leasehold improvements | **152,650** | 152,650 |
| Furniture and fixtures | **11,457** | 11,457 |
| Less: accumulated depreciation | **(1,063,532)** | (948,499) |
| | **$ 243,039** | $ 297,870 |

| | **2023** | 2022 |
|---|---|---|
| Reconciliation of carrying value of property and equipment for the years ended March 31, 2023 and 2022, was as follows: | | |
| Carrying value at the beginning of the year | **$ 297,870** | 299,445 |
| Additions | **60,202** | 107,210 |
| Depreciation | **(115,033)** | (108,785) |
| Carrying value at the end of the year | **$ 243,039** | $ 297,870 |

The depreciation policies followed by the Company are disclosed in Note 2J above.

## 8. OPERATING LEASES

The Company has one non-cancellable operating lease, primarily for office space. The Company leases its facility from an unrelated party. The facility is leased and located in a commercial building and was entered into on February 1, 2017. The lease expires on May 31, 2023. The initial lease rate per square foot ranges from $23.00 for a monthly commitment of $25,795 and escalates to $25.50 per square foot or $28,598 per month in the final year.

Rent expense for all properties rented for the years ended March 31, 2023 and 2022 was $342,058 and $335,329 respectively.

Amounts reported in the balance sheets as of March 31, 2023 were as follows:

| **Right of use asset, net of depreciation** | **2023** |
|---|---|
| Cost | 380,749 |
| Less: accumulated depreciation | (326,353) |
| Total right of use asset | $ 54,396 |
| | |
| Operating lease liability - short-term | 57,050 |
| Operating lease liability - long-term | - |
| **Total lease liability** | $ 57,050 |

| **Year ending March 31,** | **$** |
|---|---|
| 2023 | 57,200 |
| Total undiscounted lease payments | 57,200 |
| Less: imputed interest of 2.1% | (150) |
| Total lease liabilities | $ 57,050 |

## 9. OTHER ACCRUED EXPENSES

Other accrued expenses consisted of the following at March 31, 2023:

| | **2023** | 2022 |
|---|---|---|
| Accrued commissions | **1,516,180** | 1,826,882 |
| Accrued payable | **507,375** | 742,975 |
| Deferred rent | **-** | 37,511 |
| Accrued insurance | **3,595** | 17,079 |
| **Total** | **$ 2,027,150** | $ 2,624,447 |

## 10. MEMBER'S EQUITY

| Class A Units | **2023** | 2022 |
|---|---|---|
| Issued number of units | **1,251,500** | 1,251,500 |

Tech Mahindra (Americas) Inc. ("TMA") acquired 100% of the equity shareholding in Eventus Solutions Group, LLC on June 18, 2021. The total purchase consideration is $44 million, adjusted for net debt and working capital, out of which $32 million was payable upfront. The amount of earnout obligations remaining as at March 31, 2023 and 2022 was $8.9 million and $8.6 million, respectively. As of March 31, 2023 the Company is wholly owned by TMA

**11. COMMITMENTS AND CONTINGENCIES**

Management is in the final stage of negotiations with the landlord to renew the operating lease agreement. The lease will be renewed for a period of four years.

| | |
|---|---|
| The future minimum lease payments are as follows: | |
| In 1 year | 134,694 |
| In 2 to 5 years | 532,472 |
| Thereafter | - |
| **Total value of lease commitments** | **$ 667,166** |

Based on current known facts and circumstances, the Company believes that any liabilities ultimately resulting from ordinary course claims and proceedings will not individually or in aggregate, have a material adverse effect on the Company's financial position, results of operations or cash flows.

**12. CONCENTRATION OF CREDIT RISK**

**REVENUE AND ACCOUNTS RECEIVABLE**

The majority of the Company's sales are credit sales and terms offered to customers vary according to the credit risk profiles of, and the invoicing conventions established in, the entity's markets. The contractual terms on invoices issued to customers vary and are payable upon receipt or immediate to within 60 days.

Aging analysis of gross trade receivables, is as follows:

| | **2023** | 2022 |
|---|---|---|
| Less than 30 days | **$ 7,368,510** | $ 9,552,817 |
| Between 30 and 60 days | **5,150,209** | 185,327 |
| Between 60 and 120 days | **473,120** | 366,123 |
| More than 120 days | **93,996** | 604,989 |
| | **$ 13,085,835** | $ 10,709,256 |

The following are customer concentration for sales for the year ended March 31, 2023 and accounts receivable as at March 31, 2023.

| | Amount, $ | Concentration |
|---|---|---|
| Customer 1 | 9,854,015 | 16% |
| Customer 2 | 5,860,219 | 9% |
| Customer 3 | 4,695,669 | 7% |
| Customer 4 | 3,216,575 | 5% |
| Customer 5 | 2,996,066 | 5% |

Accounts receivable concentrations as at March 31, 2023:

| | Amount, $ | Concentration |
|---|---|---|
| Customer 1 | 6,272,595 | 39% |
| Customer 2 | 1,102,444 | 7% |
| Customer 6 | 1,064,857 | 7% |
| Customer 7 | 784,592 | 5% |
| Customer 8 | 747,290 | 5% |

Revenue concentration for the year ended March 31, 2022:

| | Amount, $ | Concentration |
|---|---|---|
| Customer 3 | 13,016,414 | 27% |
| Customer 2 | 4,601,982 | 9% |
| Customer 5 | 3,101,863 | 6% |
| Customer 9 | 2,389,340 | 5% |
| Customer 10 | 2,195,744 | 4% |

Accounts receivable concentrations as at March 31, 2022:

| | Amount, $ | Concentration |
|---|---|---|
| Customer 3 | 2,251,655 | 19% |
| Customer 9 | 1,623,322 | 14% |
| Customer 2 | 1,658,207 | 14% |
| Customer 5 | 826,302 | 7% |
| Customer 11 | 678,387 | 6% |

## 13. EMPLOYEE BENEFITS

### EMPLOYEE BENEFIT PLAN

The Company sponsored a defined contribution plan, the Eventus 401(k) Profit Sharing Plan and Trust (“Eventus 401(k)”). The plan included a “safe harbor” provision which provides for a 100% match by the Company for the first 3% and 50% match for the next 2% with a maximum potential match of 4%. In March of 2023, the Eventus 401(k) plan was liquidated and all plan balances were transferred to the Tech Mahindra Americas 401(k) plan (“TMA 401(k)”). There are no “safe harbor” provisions associated with the TMA 401(k) plan.

Included in employee benefits for the years ended March 31, 2023 and 2022 are Company contributions in the amounts of $428,538 and $568,742 respectively.

### 14. FAIR VALUE HIERARCHY

The following tables summarize those assets and liabilities measured at fair value on a recurring basis:

The fair values of the Company's financial assets and liabilities by category as at March 31, 2023 were as follows:

| | Level 1 | Level 1 | Level 1 | Total |
|---|---|---|---|---|
| Assets Accounts with banks | - | 5,322,228 | - | 5,322,228 |
| **Total** | **-** | **5,322,228** | **-** | **5,322,228** |

The fair values of the Company's financial assets and liabilities by category as at March 31, 2022 were as follows:

| | Level 1 | Level 1 | Level 1 | Total |
|---|---|---|---|---|
| Assets Accounts with banks | - | 5,314,015 | - | 5,314,015 |
| **Total** | **-** | **5,314,015** | **-** | **5,314,015** |

### 15. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 11, 2023, the date the financial statements were available to be issued. No significant events occurred subsequent to the balance sheet date but prior to May 11, 2023, that would have a material impact on the financial statements.

# SUPPLEMENTAL SCHEDULES OF REVENUES AND EXPENSES FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

(All amounts are in USD)

| **Schedule I** | **2023** | 2022 |
|---|---|---|
| **REVENUES** | | |
| Consulting services | **36,436,837** | 33,581,493 |
| Intermediary services | **13,204,626** | 3,487,341 |
| Managed services | **8,712,492** | 9,917,182 |
| Cloud application services | **4,583,895** | 1,870,745 |
| **Total** | **62,937,850** | 48,856,761 |

| **Schedule II** | **2023** | 2022 |
|---|---|---|
| **COST OF REVENUES** | | |
| Personnel | **18,847,025** | 16,305,279 |
| Contract labor | **19,443,896** | 7,465,656 |
| Dues and subscriptions | **3,919,112** | 3,739,647 |
| Bonus compensation | **3,697,871** | 2,679,473 |
| Commissions | **1,763,850** | 2,296,534 |
| Employee benefits | **1,612,363** | 1,709,231 |
| **Total** | **49,284,117** | 34,195,820 |

| **Schedule III** | **2023** | 2022 |
|---|---|---|
| **GENERAL AND ADMINISTRATIVE** | | |
| Administrative personnel and contract labor | **2,708,722** | 2,417,129 |
| Taxes, licenses and insurance | **1,907,578** | 1,889,646 |
| Professional fees | **481,987** | 795,791 |
| Bonus compensation | **410,875** | 297,719 |
| Lease and other rental expense | **366,364** | 355,383 |
| Travel expenses | **215,508** | 143,813 |
| Recruitment | **167,304** | 63,522 |
| Telephone | **130,908** | 128,219 |
| Computer expenses | **113,087** | 154,685 |
| Advertising and marketing | **112,223** | 192,810 |
| Training and continued education | **69,271** | 104,260 |
| Office supplies and postage | **64,633** | 87,706 |
| Meals and entertainment | **36,154** | 34,994 |
| Repairs and maintenance | **20,794** | 9,309 |
| Bank service charges | **7,776** | 8,230 |
| Automobile expenses | **6,451** | 3,798 |
| **Total** | **6,819,635** | 6,687,014 |

| **Schedule IV** | **2023** | 2022 |
|---|---|---|
| **TRANSACTIONAL EXPENSES** | | |
| Phantom shareholder payout at closing and escrow release payment | **718,436** | 8,123,142 |
| Legal fees | **-** | 82,493 |
| Consulting fees | **-** | 20,174 |
| **Total** | **718,436** | 8,225,809 |

The accompanying notes are an integral part of these financial statements

# BRAINSCALE INC.

**Unaudited Financial Statements**
**for the year ended March 31, 2023**

**Board of Directors**
Mr. Lakshmanan Chidambaram
Mr. Krishna Bala
Mr. Manish Madan

**Registered office**
9777 Pyramid Court
Suite 160 Englewood
Colorado 80112

**Bankers**
TD Bank

BRAINSCALE INC.

# BALANCE SHEET AS ON 31ST MARCH 2023

| | Sch | **31-03-2023**<br>**Amount in USD** | 31-03-2022<br>Amount in USD |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Bank Accounts | | **4,189,196** | 1,426,751 |
| Accounts Receivable (A/R) | | **3,256,685** | 6,701,325 |
| Other Current Assets | | | |
| Deferred Tax Assets | | **4,491** | 255 |
| Undeposited Funds | | **-** | 8 |
| Prepaid Tax Federal | | **41,082** | |
| **Other Current Assets** | | **560** | 19,849 |
| Total Other Current Assets | | **46,133** | 20,112 |
| **Total Current Assets** | | **7,492,015** | 8,148,188 |
| **Fixed Assets** | 1 | **93,650** | 118,719 |
| **Other Assets** | | | |
| Security Deposit | | **9,378** | 9,378 |
| **Total Other Assets** | | **9,378** | 9,378 |
| **TOTAL ASSETS** | | **7,595,043** | 8,276,285 |
| **LIABILITIES AND EQUITY** | | | |
| Liabilities | | | |
| **Current Liabilities** | | | |
| Accounts Payable | | **4,041,846** | 2,192,640 |
| **Other Current Liabilities** | 2 | **1,570,177** | 1,865,064 |
| **Borrowings** | | **279** | |
| Total Current Liabilities | | **5,612,302** | 4,057,704 |
| **Total Liabilities** | | **5,612,302** | 4,057,704 |
| **Equity** | | | |
| Additional Paid in Capital | | **5,541** | 5,541 |
| Common Stock | | **50,000** | 50,008 |
| Capital Reserve | | **3,002,696** | 1,785,100 |
| Retained Earnings | 3 | **(1,075,496)** | 2,377,931 |
| **Total Equity** | | **1,982,741** | 4,218,581 |
| **TOTAL LIABILITIES AND EQUITY** | | **7,595,043** | 8,276,285 |

For BRAINSCALE INC.

Umashankar Kotthuru
IBG Head
Date : 01-06-2023

# PROFIT AND LOSS FOR 1ST APRIL 2022 TO 31ST MARCH 2023

| | Sch | 31-03-2023 Amount in USD | 31-03-2022 Amount in USD |
|---|---|---|---|
| **REVENUE** | | | |
| Sales | | **8,016,560** | 6,643,636 |
| **Total Income** | | **8,016,560** | 6,643,636 |
| **COST OF SALES** | | | |
| Salaries, employee benefit and taxes | 4 | **4,428,288** | 3,667,699 |
| Contractor & Subcontractors | 5 | **5,232,126** | 2,541,974 |
| **TOTAL COST OF SALES** | | **9,660,415** | 6,209,673 |
| **GROSS PROFIT** | | **(1,643,855)** | 433,963 |
| **OPERATING EXPENSES** | | | |
| Selling & General Administrative Expenses (See Schedule) | 6 | **1,381,980** | 441,200 |
| Total Expenses | | **1,381,980** | 441,200 |
| Net Operating Income | | **(3,025,835)** | (7,238) |
| Other Income | | | |
| Interest income | | **25** | 0 |
| Other Income | | **81,860** | |
| Total Other Income | | **81,885** | 0 |
| Net Other Income | | **81,885** | 0 |
| Net Income Before Tax | | **(2,943,950)** | (7,238) |
| Depreciation | | **30,453** | 10,827 |
| **Net Income** | | **(2,974,404)** | (18,065) |
| INCOME TAX EXPENSE | | | |
| State Income Tax | | **2,766** | 33,051 |
| Federal Income Tax | | **77,075** | 124,470 |
| Deferred Tax Income | | **(4,236)** | (255) |
| **NET INCOME** | | **(3,050,009)** | (175,331) |

For BRAINSCALE INC.

Umashankar Kotthuru
IBG Head
Date : 01-06-2023

# BALANCE SHEET SCHEDULES MARCH 31, 2023

### Sch - 1 Fixed Assets Schdule

| | 31-03-2023 | 31-03-2022 |
|---|---|---|
| | USD | USD |
| Computer | 44,204 | 40,723 |
| Office Furniture | 63,430 | 63,430 |
| Software | 76,984 | 75,082 |
| Accumulated Depreciation | 90,969 | 60,516 |
| **Total** | **93,650** | 118,719 |

### Sch - 2 Other Current Liabilities

| | 31-03-2023 | 31-03-2022 |
|---|---|---|
| | USD | USD |
| 401k Employee Passthrough | | 31,372 |
| Accrued expenses | 10,180 | 91,824 |
| Prov for Expenses SubsidiaryEX | 6,967 | |
| GST/HST Payable | | 183,948 |
| Deferred Tax Liability | 683,715 | 683,715 |
| Advance MS Incentives Revenue | 437,000 | |
| Income Tax Payable | 432,315 | 866,720 |
| Payroll Tax Liabilities | | 8,619 |
| Salary Payable | | (1,178) |
| Withheld Tax | | 45 |
| **Total** | **1,570,177** | 1,865,064 |

### Income Tax Provision

| | 31-03-2023 | 31-03-2022 |
|---|---|---|
| | USD | USD |
| Balance as on 01.04.2022 | 273,750 | 709,199 |
| Prov for State Taxes | 34,095 | 33,051 |
| Prov for Federal Taxes | 124,470 | 124,470 |
| **Balance as on 31-03-2023** | **432,315** | 866,720 |

**Retained Earning Schedule**

| | 31-03-2023 | 31-03-2022 |
|---|---|---|
| | USD | USD |
| **Sch - 3 Retained Earnings Opening as on 01-04-2022** | **1,811,721** | 2,144,618 |
| Prior Period Adjustment | **566,210** | 566,210 |
| **Total Opening Balance as on 01-04-2022** | **2,377,931** | 2,710,828 |
| Allocted income- Brainscale Inc CA W/off | **189,432** | (189,432) |
| Accounts Receivable - BrainScale Canada W/off | **990,304** | (990,304) |
| Accounts Payable - BrainScale US W/off | **(1,019,227)** | 1,019,227 |
| Investment in Brainscale Canada W/off | **50,000** | (50,000) |
| Investment by BrainScale INC US W/off | **(52,943)** | 52,943 |
| BrainScale Canada Closing Balance transferred to TMCG/Objectwise | **(560,984)** | |
| **Total as on 31-03-2023** | **1,974,513** | 2,553,262 |
| Current year income | **(3,050,009)** | (175,331) |
| **Balance as on 31-03-2023** | **(1,075,496)** | 2,377,931 |

# PROFIT & LOSS SCHEDULES FOR THE PERIOD 01-APR-22 TO 31-MAR-23

### Sch - 4 Salaries & Wages Schedule

| | **31-03-2023** | 31-03-2022 |
|---|---|---|
| | **USD** | USD |
| 401k Match | **6,868** | 24,578 |
| Bonus | **358,540** | 4,333 |
| Commission | **39,326** | 29,583 |
| Company Contribution to CPP & EI | **20,284** | 17,570 |
| Employee Reimbursement | **42,096** | 24 |
| Payroll Taxes | **89,434** | 116,444 |
| Salaries & Wages | **2,343,381** | 1,450,305 |
| Salary & Wages - CA | **310,764** | 239,762 |
| Earn Out Expenses - Onsite | **1,217,596** | 1,785,100 |
| **Total** | **4,428,288** | 3,667,699 |

### Sch - 5 Contractor & Subcontractors Schedule

| | **31-03-2023** | 31-03-2022 |
|---|---|---|
| | **USD** | USD |
| Contractors | **1,382,092** | 817,942 |
| Subcontractor | **3,850,035** | 1,724,032 |
| **Total** | **5,232,126** | 2,541,974 |

### Sch- 6 Selling & Genral Expenses

| | 31-03-2023 | 31-03-2022 |
|---|---|---|
| | USD | USD |
| Advertising & Marketing | 1,359 | 120 |
| Auto | 2,004 | |
| Bank Charges & Fees | 2,300 | 1,081 |
| Computer & Internet Expenses | 415,589 | 129,561 |
| Dues & Subscriptions | 7,112 | 10,201 |
| Education & Training | 216 | 565 |
| Employee Benefits | 311 | |
| Employee Verification Expenses | 135 | |
| Insurance | 22,826 | 13,645 |
| Legal & Professional Services | 41,646 | 117,332 |
| Legal and professional fees | 5,022 | 4,593 |
| Meals & Entertainment | 2,128 | 1,165 |
| Medical Insurance | 13,399 | 49,674 |
| Office Expense | 1,614 | 4,451 |
| Office Supplies & Software | 28,397 | 6,922 |
| Other Business Expenses | 3,210 | |
| Other Miscellaneous Expense | 2,105 | |
| Payroll Processing Fees | 6,913 | 4,869 |
| Penalties and settlements | 542 | 163 |
| Rent & Lease | 54,808 | 23,839 |
| Repairs & Maintenance | - | 50 |
| Staffing and Recruitment Cost | 60,000 | 40,473 |
| Taxes & Licenses | 4,065 | 300 |
| Travel | 17,774 | 32,196 |
| Exchange Gain or Loss | 353,076 | |
| Expenses W/Off | 335,430 | |
| **Total** | **1,381,980** | 441,200 |

# ALLYIS INC.

**Board of Directors**
Mr. Bharath Krishnaswamy
Mr. Nalin Mittal

**Registered office**
17425 NE Union Hill Road, Suite
100, Redmond WA 98052.

**Bankers**
JPMorgan Chase Bank
Wells Fargo
Banco de Costa Rica
First Bank

**Auditors**
CKH CPA's and Advisors, LLC

# INDEPENDENT AUDITOR'S REPORT

To the Member
of Allyis Inc. and its subsidiaries Kirkland, Washington

**Opinion**

We have audited the accompanying consolidated financial statements ("financial statements") of Allyis Inc. (previously Green Investments LLC) and its subsidiaries (Collectively referred to as "the Company"), which comprise the consolidated balance sheet as of March 31, 2023, and the related consolidated statement of operations and comprehensive income, changes in member's equity and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allyis Inc. and its subsidiaries as of March 31, 2023, and the results of its operations and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Allyis Inc. and its subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Other matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Consolidated Supplemental Schedule of Expenses on page 170 is presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Allyis Inc. and its subsidiaries' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Allyis Inc. and its subsidiaries' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Allyis Inc. and its subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**CKH CPAs and Advisors, LLC**

CKH CPA's and Advisors, LLC
Atlanta, Georgia
May 26, 2023

# CONSOLIDATED BALANCE SHEET AT MARCH 31,

| | Notes | 2023 |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | 3 | 3,218,682 |
| Accounts receivable, net | 4 | 4,267,524 |
| Due from related parties | 5 | 730,433 |
| **Prepaid expenses and other current assets** | | 85,746 |
| Deposits | | 281,643 |
| | | **$ 8,584,028** |
| **Non-current assets** | | |
| Right of use asset | 6 | 1,361,992 |
| Property and equipment, net | 7 | 814,009 |
| Deferred tax asset | 8 | 264,680 |
| Goodwill, net | 9 | 324,818 |
| | | **$ 2,765,499** |
| **Total assets** | | **$ 11,349,527** |
| **Current liabilities** | | |
| Accounts payable | | 172,874 |
| Accrued compensation | | 1,696,111 |
| Income tax payable | | 894,053 |
| Due to related parties | 5 | 2,135,699 |
| Operating lease liability - current portion | 6 | 375,014 |
| | | **$ 5,273,751** |
| **Non-current liabilities** | | |
| Operating lease liability - non-current portion | 6 | 975,195 |
| | | **$ 975,195** |
| **Total liabilities** | | **$ 6,248,946** |
| Commitments and contingencies (Note 10) | | |
| Member's equity | | 5,100,581 |
| **Total liabilities and member's equity** | | **$ 11,349,527** |

ALLYIS INC.

# CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31,

| | Schedules/ Note | 2023 |
|---|---|---|
| **REVENUES:** | | |
| Consulting services | | $ 55,171,815 |
| **Total revenues** | | **55,171,815** |
| **COST OF REVENUES:** | | |
| Personnel | | 21,146,811 |
| Contractors | | 13,509,039 |
| **Total cost of revenues** | | **34,655,850** |
| **GROSS PROFIT** | | **20,515,965** |
| **OPERATING EXPENSES:** | | |
| Personnel | | 1,349,796 |
| Depreciation | 7 | 335,580 |
| Amortization | 9 | 374,792 |
| General and administrative | I | 2,934,977 |
| **Total operating expenses** | | **4,995,145** |
| **OPERATING PROFIT** | | **15,520,820** |
| **OTHER INCOME / (EXPENSES)** | | |
| Foreign currency loss | | (200,102) |
| Interest income | | 19,238 |
| **Total other expenses** | | **(180,864)** |
| Income before income tax expense | | **15,339,956** |
| **INCOME TAX EXPENSE** | 8 | 4,230,376 |
| **NET INCOME** | | **$ 11,109,580** |
| Other comprehensive gain | | |
| Gain on foreign currency translation | | 226,430 |
| **Comprehensive income** | | **$ 11,336,010** |

All revenue and profit for the period is generated from continuing operations.

# CONSOLIDATED STATEMENT OF CHANGES IN MEMBER'S EQUIT Y FOR THE YEAR ENDED MARCH 31,

| | Accumulated other comprehensive (loss) gain | Accumulated profits | Total Member's equity |
|---|---|---|---|
| **Balance at March 31, 2022** | **(43,927)** | **6,308,498** | **6,264,571** |
| Net income for the period | - | 11,109,580 | 11,109,580 |
| Other comprehensive gain | 226,430 | - | 226,430 |
| Dividends paid | - | (12,500,000) | (12,500,000) |
| **Balance at March 31, 2023** | **182,503** | **4,918,078** | **5,100,581** |

# CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31,

| | 2023 |
|---|---|
| **Cash flows from operating activities** | |
| Net income | $ 11,109,580 |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Depreciation | 335,580 |
| Amortization | 374,792 |
| Right of use depreciation | 349,494 |
| Deferred income tax benefit | (225,491) |
| **Income tax expense** | 4,455,867 |
| Changes in operating assets and liabilities: | |
| Accounts receivable, net | (1,232,385) |
| Prepaid expenses and other current assets | (41,540) |
| Deposits | (40,699) |
| Accounts payable | (822,348) |
| Due to related parties | 1,735,444 |
| Due from related parties | (730,433) |
| Accrued compensation | (318,309) |
| Income tax receivable | (4,103,307) |
| Right of use asset | (1,711,486) |
| **Net cash provided by operating activities** | **9,134,759** |
| Cash flows from investing activities | |
| Capital expenditures | (258,778) |
| **Net cash used in investing activities** | **(258,778)** |
| Cash flows from financing activities | |
| Operating lease liability | |
| | 1,350,209 |
| Dividends paid | (12,500,000) |
| **Net cash used in financing activities** | **(11,149,791)** |
| Effect of exchange rate changes on cash | 226,430 |
| Net decrease in cash | (2,273,810) |
| Cash and cash equivalents at beginning of year | 5,266,062 |
| **Cash and cash equivalents at end of the year** | **3,218,682** |
| Supplemental disclosure of cash flow information: | |
| Cash paid for income taxes | 3,207,294 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2023

## 1. NATURE OF OPERATIONS

Allyis Inc. ("the Parent") and Subsidiaries (collectively referred to as "the Company") are a group of consulting firms specializing in providing technology and digital services in the form of outsourced services and staffing augmentation.

The consolidated financial statements ("financial statements") of the Company includes Allyis Inc. and its wholly owned subsidiaries, Allyis Inc. incorporated on August 8, 1997 and was register in the state of Washington, acquired by Green Investments on August 1, 2013, Allyis Technology Solutions Sociedad De Responsabilidad Limitada incorporated on January 10, 2019 and acquired by Green Investments LLC on April 30, 2021, Allyis Technologies S.R.L incorporated on June 21, 2020 and Allyis Technologies Canada Inc. incorporated on June 14, 2021 formed by Allyis Inc. Green Investments LLC merged with Allyis Inc. effective July 1, 2022.

Allyis Technology Solutions Sociedad De Responsabilidad Limitada and Allyis Technologies Canada Inc. are nearshore development centers based in Costa Rica and Canada, supporting Allyis US customers in their time zone at a cost competitive rate. Allyis Technologies S.R.L is a development center based in Romania. The development in Romania supports Allyis US customers based in Europe, in their time zone, at a cost competitive rate. Allyis Technologies Canada Inc. was dissolved during the current financial year.

Tech Mahindra (Americas) Inc. acquired Allyis Inc., a Washington Limited Liability Company, (incl. subsidiaries) ("Allyis") on December 31, 2021. The amount of earnout obligations remaining as at March 31, 2023 was $6.8 million. As of March 31, 2023 the Company is wholly owned by TMA.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. BASIS OF CONSOLIDATION

The accompanying financial statements reflect the consolidated results of the Parent and its subsidiaries for the year ended March 31, 2023. All significant intercompany accounts and transactions have been eliminated in consolidation.

### B. BASIS OF ACCOUNTING

These financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

### C. USE OF ESTIMATES IN PRESENTATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates and assumptions made by management include the determination of recognition of revenue and depreciation of assets recognized. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the result of which forms the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from those estimates.

### D. REVENUE RECOGNITION

Revenue from consulting services contracts is recognized as the services are performed and amounts are earned. The Company considers amounts to be earned once evidence of an arrangement has been obtained, services are provided, fees are fixed or determinable, and collectability is reasonably assured.

Revenues from these services and reimbursed costs for out of pocket expenses are presented on the consolidated statement of operations and comprehensive income, net of allowances or adjustments for agreed changes to reimbursed costs.

### E. COST OF REVENUE

Direct costs for employee or contractor placements consists of salaries and contract payments (mainly from hours), payroll taxes, insurance costs as well as reimbursable costs such as travel, lodging or entertainment.

## F. INCOME TAXES

The Company accounts for income taxes using Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes. Under FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SB ASC 740 the effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company records valuation allowances against deferred tax assets as deemed necessary.

Per FASB ASC 740-10-20, the Corporation follows the recognition requirements for uncertain tax positions as required by generally accepted accounting principles in the United States of America. Income tax benefits are recognized for income tax positions taken on expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Corporation has analyzed tax positions taken for filing with the Internal Revenue Service (IRS) and all state jurisdictions where it operates.

In accordance with guidance in ASC 740-10-30-27, the Parent uses a "separate return" method to allocate current and deferred taxes or benefits to members of the consolidated return group ("Tech Mahindra (Americas) Inc. and subsidiaries") by applying ASC 740 to each member as if they were separate tax payers. Under the "separate return" method, the subsidiary is assumed to file a separate return with the taxing authority, thereby reporting its taxable income or loss and paying the applicable tax to or receiving the appropriate refund from the parent. Management concluded that no provision for income tax is required in the Corporation's financial statements as a result of uncertain tax positions.

For the foreign subsidiaries deferred tax assets are only recognized if it is probable that they will be used.

## G. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represents accounts with banks and demand deposits held at financial institutions. The Company considers all highly liquid investments with a maturity, when purchased, of three months or less to be cash equivalents. Cash equivalents include short-term highly liquid investments of sufficient credit quality that are readily convertible to known amounts of cash and have original maturities of three months or less. Cash equivalents are carried at cost, plus accrued interest, which approximates fair value. Cash equivalents are held to meet short-term liquidity requirements, rather than for investment purposes. Cash and cash equivalents are held at major financial institutions and are subject to credit risk to the extent those balances exceed applicable Federal Deposit Insurance Corporation (FDIC) limitations.

## H. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are the amounts owed on invoiced contractual agreements either in process or completed by the Company. Accounts receivable are considered delinquent when payment is not received under terms described within the individual contract's terms.

An allowance for doubtful accounts is provided for those balances considered to be uncollectible based upon historical experience and the Company's specific review of outstanding account balances.

## I. UNBILLED RECEIVABLES

Unbilled receivables represent accrued revenue earned and recognized on projects for which billings have not yet been presented to the customer.

## J. PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is provided using the straight-line method and is generally based on the following useful lives:

- Computer equipment – five years;
- Computer software – three to five years
- Leasehold improvements – five to nine years
- Office furniture and equipment – five to seven years

Expenditures for maintenance and repairs are charged to income as incurred. Additions and betterments are capitalized. When assets are retired or otherwise disposed, the related cost and accumulated depreciation are removed from the appropriate accounts and any resulting gain or loss is reflected in operations.

The Company annually reviews the status of property and equipment held by the Company for any impairment of those assets. Any such impairment would result in a permanent reduction in the recorded value of the asset. No such impairments existed at March 31, 2023.

**K. RELATED PARTIES**

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the party in making financial and operational decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise). Transactions involving related parties are carried out on an arm's length basis.

**L. PREPAID EXPENSES AND OTHER CURRENT ASSETS**

Prepaid expenses and other current assets consist of prepaid insurance and prepaid miscellaneous items.

**M. GOODWILL**

Goodwill resulting from business combinations represents the excess of the fair value of the consideration transferred over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. The Company elected the private company accounting alternatives provided in Accounting Standards Update (ASU) 2014-02, Intangibles – Goodwill and Other (Topic 350). Pursuant to these elections, the Company prospectively amortized goodwill on a straight-line basis over a three-year period. Impairment testing will be performed at the entity level whenever events occur, or circumstances changes, which indicates that the fair value of the entity may be below its carrying amount.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. LEASES**

The company determines if an arrangement is a lease at inception of the arrangement. These leases are classified as either an operating lease or a finance lease. Based on the evaluation of leases for the period ended March 31, 2023, no leases meet the criteria for classification as a finance lease. Operating leases are capitalized on the consolidated balance sheet through a right-of-use (“ROU”) asset and a corresponding lease liability. ROU assets represent the company’s right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease.

Operating leases are included in operating lease ROU assets, current operating lease liabilities, and long-term operating lease liabilities in our consolidated balance sheets. Operating lease ROU assets and liabilities are recognized at the commencement date of an arrangement based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payments made to the lessor prior to lease commencement, less any lease incentives, and initial direct costs incurred. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The company enters into long-term contracts to lease office space in support of company operations and these have all been determined to represent operating leases.

**O. FOREIGN EXCHANGE RATES**

The Company translates the operations and balances of its foreign subsidiaries into U.S. Dollars. Assets and liabilities are translated into U.S. Dollars at year- end exchange rates. Income and expense items are translated at the average rates of exchange prevailing during the year. Translation adjustments are included in “Other Comprehensive Income” and “Accumulated Other Comprehensive Income”. Transactions in currencies other than the functional currency of the related subsidiary are converted at the foreign exchange rate on the date of the transaction. Gains and losses, which result from foreign currency transactions, are included in Other Expenses.

**P. ADVERTISING AND MARKETING**

The Company expenses all advertising costs as incurred. Advertising costs incurred for the year ended March 31, 2023 was $0 .

**Q. FAIR VALUE - DEFINITION AND HIERARCHY**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation techniques used by the Company to determine fair value are consistent with the income approaches. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access

- Level 2 – Valuations based on inputs, other than quoted prices included in Level 1, that are observable either directly or indirectly

- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Fair value is a market-based measure, based on assumptions of prices and inputs considered from the perspective of a market participant that are current as of the measurement date, rather than an entity-specific measure. Therefore, even when observable inputs are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for investments categorized in Level 3. In some cases, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In such cases, the fair value measurement is generally categorized in its entirety in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

**R. COMMITMENTS AND CONTINGENCIES**

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2023

## 3. CASH AND CASH EQUIVALENTS

As of March 31, cash and cash equivalents consisted of the following:

| | **2023** |
|---|---|
| Cash with banks | 3,218,682 |
| | **3,218,682** |

The Company places its cash on deposit with a financial institution in the United States of America. Cash and cash equivalents are subject to credit risk to the extent those balances exceed applicable Federal Deposit Insurance Corporation limitations. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts held by a financial institution in the United States of America. As of March 31, 2023 the Company had $780,728 with financial institutions in excess of the federally insured limit.

## 4. ACCOUNTS RECEIVABLE, NET

At March 31, accounts receivable balances were as follows:

| | **2023** |
|---|---|
| Amounts due for services rendered and billed | 3,937,582 |
| Allowance for doubtful accounts | $ - |
| Amounts due for services rendered and billed, net | 3,937,582 |
| Amounts due for services rendered, not billed | 329,942 |
| | **4,267,524** |

Bad debt write-off was $0 for the year ended March 31, 2023 .

Subsequent to year end, 93% of accounts receivable at March 31, 2023 had been collected.

## 5. TRANSACTIONS WITH RELATED PARTIES

During the year ended March 31, 2023 the Parent had transactions with the following related parties. At March 31, 2023 the Parent had payables due (to) from related parties as follows:

| **Tech Mahindra Limited ("TML")** | 2023 |
|---|---|
| Income from services rendered | 327,103 |
| Cost of services | (392,183) |
| Reimbursement of services | 4,700 |
| Payment made | 353,949 |
| Ending balance, due from (to) | **$ 293,569** |
| Due from (to) consists of | |
| Amounts due (to) TML | (33,534) |
| Amounts due from TML | 327,103 |
| | **$ 293,569** |

| Tech Mahindra ICT Services (Malaysia) ("TMMIC") | 2023 |
|---|---|
| Cost of services | (36,276) |
| Reimbursement of expense | - |
| Payment made | 25,162 |
| Ending balance, due from (to) | **$ (11,114)** |
| Due from (to) consists of | |
| Amounts due (to) TMMIC | (11,114) |
| Amounts due from TMMIC | - |
| | **$ (11,114)** |

| Tech Mahindra America ("TMA") | 2023 |
|---|---|
| Cost of services | (75,555) |
| Reimbursement of expense | (2,952,806) |
| Reimbursement receivables | 403,330 |
| Payment made | 1,525,310 |
| Ending balance, due from (to) | **$ (1,099,720)** |
| Due from (to) consists of | |
| Amounts due (to) TMA | (1,503,051) |
| Amounts due from TMA | 403,330 |
| | **$ (1,099,721)** |

## 5. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

| Zen3 Infosolutions (America) Inc ("Zen3") | 2023 |
|---|---|
| Cost of services | (15,617) |
| Reimbursement of expense | - |
| Payment made | - |
| Ending balance, due from (to) | **(15,617)** |
| Due from (to) consists of | |
| Amounts due (to) Zen3 | (15,617) |
| Amounts due from Zen3 | - |
| | **$ (15,617)** |

| Allyis India Pvt Ltd. ("Allyis India") | 2023 |
|---|---|
| Beginning balance, due (to) | (400,255) |
| Cost of services | (5,497,252) |
| Payment made | 5,325,124 |
| Ending balance, due from (to) | **(572,383)** |
| Due from (to) consists of Amounts due (to) Allyis India | (572,383) |
| Amounts due from Allyis India | - |
| | **$ (572,383)** |
| Total amounts due to related parties | **$ (2,135,699)** |
| **Total amounts due from related parties** | **$ 730,433** |

## 6. LEASES

Information as of and for the year ended March 31, 2023:

The Company has non-cancellable operating leases, primarily for office space that expire over the next three years. The facility is leased and located in a commercial building and was entered into on March 29, 2007. The lease expires on January 31, 2023. The initial lease rate per square foot ranges from

$26.25 for a monthly commitment of $71,870 and escalates to $30.75 per square foot or $84,191 per month in the final year.

The Allyis Technology Solutions Sociedad De Responsabilidad Limitada facility lease was entered into on November 26, 2019 in Costa Rica. The lease expires on November 25, 2022 and is renewable every three years. The initial rate per square meter ranges from $14 with a 3% escalation per year for a monthly commitment of $8,190 to $8,689.

The Allyis Technologies S.R.L facility lease was entered into on October 15, 2021 in Romania. The lease expires on April 15, 2027 with a initial lease rate of €14.5 for a monthly commitment of $24,476.

Total lease cost for the year ended March 31, 2023 amounted to $1,076,022.

| Right of use asset, net of depreciation | **2023** |
|---|---|
| Acquisition cost | 1,711,486 |
| Accumulated Depreciation | (349,494) |
| Ending balance | **1,361,992** |

| | **2023** |
|---|---|
| Operating lease liabilities – short-term | 375,014 |
| Operating lease liabilities – long-term | 975,195 |
| Total operating lease liabilities | **1,350,209** |

Maturities of operating lease liabilities under non-cancellable leases as of March 31, 2023 are as follows:

| | **2023** |
|---|---|
| In 1 year | 381,096 |
| In 2 to 5 years | 980,825 |
| Thereafter | - |
| Total undiscounted lease payments | **1,361,921** |
| Less: imputed interest | (11,712) |
| Net present value of lease commitments | **1,350,209** |

## 7. PROPERTY AND EQUIPMENT, NET

At March 31, property and equipment balances were as follows:

| | **2023** |
|---|---|
| Computer equipment | 1,711,034 |
| Office furniture | 386,341 |
| Office equipment | 3,000 |
| Leasehold improvements | 453,182 |
| Computer software | 32,062 |
| Less: accumulated depreciation | (1,771,610) |
| | **$ 814,009** |

The total depreciation expense recognized for the year ended March 31, 2023 was $335,580.The depreciation policies followed by the Company are disclosed in Note 2J above.

**8. INCOME TAXES**

Allyis accounts for income taxes under the provisions of the FASB ASC 740, Income Taxes, as described in Note 2F above.

| | **2023** |
|---|---|
| Current income tax expense consists of the following: | |
| Federal | 4,254,025 |
| Foreign | 148,997 |
| State | 52,845 |
| | **4,455,867** |
| | |
| Deferred income tax benefit consists of the following: | |
| Federal | (225,311) |
| Foreign | - |
| State | (180) |
| | **(225,491)** |
| Total current and deferred income tax expense | **$ 4,230,376** |

| | **2023** |
|---|---|
| Deferred tax asset consists of the following: | |
| Federal | 263,877 |
| Foreign | - |
| State | 803 |
| | **$ 264,680** |

**9. GOODWILL, NET**

At March 31, goodwill balance was as follows:

| | **2023** |
|---|---|
| Goodwill | 899,499 |
| Less: accumulated amortization | (574,681) |
| | **$ 324,818** |

Amortization expense for the year ended March 31, 2023 was $374,792.The Company reviewed its goodwill as of March 31, 2023 and determined that no impairment of goodwill has occurred. The amortization policies followed by the Company are described in Note 2M.

Amortization expense of goodwill subject to amortization for the year succeeding March 31, 2023 as follows:

| | **2023** |
|---|---|
| 2024 | 324,818 |
| | **324,818** |

## 10. COMMITMENTS AND CONTINGENCIES

Based on current known facts and circumstances, the Company believes that any liabilities ultimately resulting from ordinary course claims and proceedings will not individually or in aggregate, have a material adverse effect on the Company's financial position, results of operations or cash flows.

## 11. CONCENTRATION OF CREDIT RISK

REVENUE AND ACCOUNTS RECEIVABLE

The majority of the Company’s sales are credit sales and terms offered to customers vary according to the credit risk profiles of, and the invoicing conventions established in, the entity’s markets. The contractual terms on invoices issued to customers vary and are payable upon receipt or immediate to within 30 days.

| | **2023** |
|---|---|
| Less than 30 days | 3,912,622 |
| Between 30 and 60 days | 24,960 |
| Between 60 and 120 days | - |
| More than 120 days | - |
| | **$ 3,937,582** |

The following are customer concentration for consulting income for the year ended March 31, 2023 and accounts receivable as at March 31, 2023.

Revenue concentration for the year ended March 31, 2023:

| | **Amount, $** | **Concentration** |
|---|---|---|
| Customer 1 | 49,402,467 | 90% |
| Customer 2 | 3,415,701 | 6% |

Accounts receivable concentration as of March 31, 2023:

| | **Amount, $** | **Concentration** |
|---|---|---|
| Customer 1 | 3,911,877 | 92% |

## 12. EMPLOYEE BENEFITS

**EMPLOYEE BENEFIT PLAN**

The Company adopted a retirement plan designed as the 401(k) Plan, with an effective date of February 1, 2003. All full and part-time employees are eligible to participate in the plan from the date of hire except for employees from Costa Rica and leased employees. The 401(k) plan is administered by ADP Retirement and the benefit includes a company match of 50% of the first 4% of the salary contributed however the employer contributions are discretionary and is determined per year. Included in employee benefits for 2023 is company contributions in the amount of $104,786 .

## 13. SUBSEQUENT EVENTS

These financial statements present the results of operations, financial position, members equity, and cash flows for the period ended March 31, 2023, no significant events occurred subsequent to the balance sheet date but prior to May 26, 2023, that would have a material impact on the financial statements.

# CONSOLIDATED SUPPLEMENTAL SCHEDULE OF EXPENSES FOR THE YEAR ENDED MARCH 31,

| | $ |
|---|---:|
| | **2023** |
| **Schedule I** | |
| **GENERAL AND ADMINISTRATIVE** | |
| Lease expense and other rent | 1,433,713 |
| Professional services and legal fees | 472,048 |
| Computer and internet expenses | 286,931 |
| Office expenses | 281,365 |
| Insurance | 165,402 |
| Travel expenses | 114,981 |
| Recruitment | 88,852 |
| Communications | 59,614 |
| Rates and taxes | 23,709 |
| Bank service charges | 5,463 |
| Training and continuing education | 1,722 |
| Miscellaneous expenses | 1,177 |
| | **2,934,977** |

# SAFFRONIC INC.

**Unaudited Financial Statements**
**for the year ended March 31, 2023**

**Board of Directors**
Mr. Manish Vyas
Mr. Dilip Keshu

**Registered office**
251 Little Falls Drive,
City of Wilmington,
19808,
County of New Castle
Delaware.

**Bankers**
Citibank N.A.

| Balance Sheet as at ended | Note No. | 31-Mar-23 | Currency USD<br>31-Mar-22 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| (a) Property, Plant and Equipment | | - | - |
| (b) Capital work-in-Progress | | - | - |
| (c) Investment Property | | - | - |
| (d) Goodwill | | - | - |
| (e) Intangible Assets | | - | - |
| (f) Financial Assets | | | |
| (i) Investments | | - | - |
| (ii) Trade Receivables | | - | - |
| (iii) Loans | | - | - |
| (iv) Other Financial Assets | | - | - |
| (g) Advance Income Taxes (Net of provisions) | | - | - |
| (h) Deferred Tax Assets (Net) | | - | - |
| (i) Other Non-Current Assets | | - | - |
| **Total Non-Current Assets** | | - | - |
| **Current Assets** | | | |
| (a) Inventories | | - | - |
| (b) Financial Assets | | | |
| (i) Investments | | - | - |
| (ii) Trade Receivables | 3 | **722,087** | - |
| (iii) Cash and Cash Equivalents | 4 | **178,744** | - |
| (iv) Other Balances with Banks | | - | - |
| (iv) Loans | | - | - |
| (v) Other Financial Assets | | - | - |
| (c) Other Current Assets | | - | - |
| | | **900,831** | - |
| **Assets held-for-sale** | | - | - |
| **Total Current Assets** | | **900,831** | - |
| **Total Assets** | | **900,831** | - |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | - |
| (a) Equity Share Capital | 5 | **1,000** | - |
| (b) Other Equity | 6 | **(2,195,527)** | - |
| Equity Attributable to Owners of the Company | | **(2,194,527)** | - |
| Non-Controlling Interests | | - | - |
| **Total Equity** | | **(2,194,527)** | |

Currency USD

| Balance Sheet as at ended | Note No. | 31-Mar-23 | 31-Mar-22 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-Current Liabilities** | | **-** | - |
| (a) Financial Liabilities | | **-** | - |
| (i) Borrowings | | **-** | - |
| (ii) Other Financial Liabilities | | **-** | - |
| (b) Provisions | | **-** | - |
| (c) Deferred Tax Liabilities (Net) | | **-** | - |
| (d) Other Non-Current Liabilities | | | |
| **Total Non - Current Liabilities** | | | |
| **Current liabilities** | | | - |
| (a) Financial Liabilities | | | - |
| (i) Borrowings | | **-** | - |
| (ii) Trade Payables | | **2,802,800** | - |
| (iii) Other Financial Liabilities | | **-** | - |
| (b) Other Current Liabilities | 7 | **292,558** | - |
| (c) Provisions | | **-** | - |
| (d) Current Tax Liabilities (Net) | | | - |
| **Total Current Liabilities** | | **3,095,358** | - |
| **Suspense Account (Net)** | | **-** | |
| **Total Equity and Liabilities** | | **900,831** | |

Signature

Dilip Keshu
Director
Date: June 1, 2023

Currency USD

| Statement of Profit and Loss for the period ended | | Note No. | **For The Period Ended 31-Mar-23** | For The Period Ended 31-Mar-22 |
|---|---|---|---|---|
| **I** | **Revenue from Operations** | | **1,247,143** | - |
| II | Other Income | | - | - |
| **III** | **Total Revenue (I +II)** | | **1,247,143** | - |
| **IV** | **EXPENSES** | | | |
| | Employee Benefit Expense | | - | - |
| | Subcontracting Expenses | | **3,062,214** | - |
| | **Finance Costs** | | - | - |
| | Depreciation and Amortisation Expense | | - | - |
| | Other Expenses | 8 | **380,456** | - |
| | Total Expenses | | **3,442,670** | - |
| **V** | **Share of (Profit) / Loss of Associates** | | - | - |
| **VI** | **Profit/(loss) before Exceptional Item and Tax (III-IV-V)** | | **(2,195,527)** | - |
| **VII** | **Exceptional Item (net)** | | - | - |
| **VIII** | **Profit/(loss) Before Tax (VI+VII)** | | **(2,195,527)** | - |
| **IX** | **Tax Expense** | | | |
| | Current tax | | - | - |
| | MAT charge / (credit) | | - | - |
| | Earlier years excess provision written back | | - | - |
| | Deferred Tax | | - | - |
| | **Total Tax Expense** | | - | - |
| **X** | **Profit/(loss) after Tax** | | **(2,195,527)** | - |
| **XI** | **Profit/(Loss) for the period attributable to:** | | | |
| | Owners of the Company | | **(2,195,527)** | - |
| | Non Controlling Interests | | - | - |
| | | | **(2,195,527)** | - |
| **XII** | **Other Comprehensive Income** | | | |
| A | I. Items that will not be recycled to Profit or Loss | | | |
| | (a) Remeasurements of the Defined Benefit Liabilities / (Asset) | | - | - |
| | (b) Equity instruments through Other Comprehensive Income | | - | - |
| | II. Income tax relating to items that will not be reclassified to Profit or Loss | | - | - |

| | | | Note No. | For The Period Ended 31-Mar-23 | Currency USD<br>For The Period Ended 31-Mar-22 |
|---|---|---|---|---|---|
| **Statement of Profit and Loss for the period ended** | | | | | |
| B | I. | Items that may be reclassified to Profit or Loss | | | |
| | | (a) Exchange differences in translating the Financial Statements of Foreign Operations | | **-** | - |
| | | (b) Effective portion of gains and loss on Designated Portion of Hedging Instruments in a Cash Flow Hedge | | **-** | - |
| | II. | Income tax on items that will be reclassified to Profit or Loss | | **-** | - |
| **XIII** | **Total Comprehensive Income for the period (X+XII)** | | | **(2,195,527)** | - |
| **XIV** | **Total comprehensive income for the period attributable to:** | | | | |
| | Owners of the Company | | | **(2,195,527)** | |
| | Non controlling interests | | | **0** | - |

Signature

Dilip Keshu

Director

Date: June 1, 2023

**Note - 3**

**Trade Receivables-Current**

| Particulars | As at 31-Mar-23 | As at 31-Mar-22 |
|---|---|---|
| | **Current** | Current |
| Trade Receivables | | |
| Over Six Months | | |
| (a) Unsecured, considered good* | - | - |
| (b) Doubtful | - | - |
| Others | | |
| (a) Unsecured, considered good** | **722,087** | - |
| (b) Doubtful | - | - |
| Less: Allowance for expected credit loss | - | - |
| **TOTAL** | **722,087** | - |

Note

1. * Net of remittances received aggregating to USD Million (previous year: USD Million) pending adjustments against invoices.

2. ** Net of remittances received aggregating to USD Million (previous year: USD Million) pending adjustments against invoices.

**Note - 4**

**Cash and Cash Equivalents Receivables-Current**

| Particulars | As at 31-Mar-23 | As at 31-Mar-22 |
|---|---|---|
| | **Current** | Current |
| **Current Cash and bank balances** | | |
| Cash in hand | - | - |
| Cheques on Hand | - | - |
| Fund in Transit | - | - |
| Balances with banks | | |
| (i) In Current Account | **178,744** | - |
| (ii) In Deposit Account (Original maturity less than 3 months) | - | - |
| **Total** | **178,744** | - |

**Reconcliation of Cash and Cash Equivalents**

| Particulars | As at 31-Mar-23 | As at 31-Mar-22 |
|---|---|---|
| | **Current** | Current |
| Total Cash and Cash Equivalents | **178,744** | - |
| Add: Current Cash and bank balances | - | - |
| Add: Current Restricted cash and bank balances | - | - |
| **Total Cash and Bank Balance** | **178,744** | - |

**Statement of changes in equity**

**Note - 5: Equity share capital**

| | | Currency USD |
|---|---|---|
| **Particulars** | **Number of Shares** | Equity share capital |
| **Authorised:** | | |
| 1000 Equity shares of USD 1 each with voting rights | | |
| **Issued Subscribed and Paid up share Capital as at beginning of reporting period** | **-** | - |
| Less: Treasury Shares | | |
| **Balance as at beginning of reporting period** | **-** | - |
| Changes in equity share capital during the year Issue of equity shares | **1,000** | **1,000** |
| Changes in Treasury Shares | | |
| Issue of equity shares under employee share option plan | | |
| Balance at the end of reporting period 31 March,2023 | **1,000** | 1,000 |
| **Check** | | |
| As per Hyperion | | 1,000 |
| Difference (this should be Zero) | | - |

| **Details of shares held by each shareholder holding more than 5% shares:** | **As at -> 31-Mar-23** | |
|---|---|---|
| **Name of the shareholder** | **Number of shares held** | % holding of total shares |
| Tech Mahindra Americas | 1000 | 100.0% |
| | | 0.0% |
| | | 0.0% |
| | | 0.0% |
| | | 0.0% |
| | | 0.0% |

## Note - 6: Other Equity Currency USD

| | | | | | | | | | | | | | | | | Currency USD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Reserves & Surplus | | | | | | | | | | | | | | |
| **Particulars** | **Share Application Money pending Allotment** | **Capital Reserve on Consolidation** | **Capital reserve** | **Securities Premium** | **Share Option Outstanding Account** | **General Reserve** | **Statutory Reserve** | **SEZ reinvestment Reserve** | **Capital Redemption Reserve** | **Retained Earnings** | **Hedging Reserve** | **Fair Value through OCI (FVTOCI)** | **Foreign Currency Translation Reserve** | **Attributable to Owners of the Parent** | **Non Controlling Interests** | **Total** |
| Balance at the beginning of reporting period | - | - | - | - | - | - | - | - | - | - | - | | | - | | - |
| Profit for the period | | | | | | | | | | (2,195,527) | (2,195,527) | | | (2,195,527) | - | (2,195,527) |
| Other Comprehensive Income | | | | | | | | | | - | - | | | - | - | - |
| **Total Comprehensive income** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(2,195,527)** | **(2,195,527)** | | | **(2,195,527)** | **-** | **(2,195,527)** |
| Money received / Movement on account of issue of shares / exercise of Options | | | | | | | | | | | | | | | | |
| (net) | - | | | - | | | | | | | - | | | - | | - |
| Transfer from share option outstanding account to Securities premium on exercise | | | | | | | | | | | | | | | | |
| of stock options | | | | | - | | | | | | - | | | - | | - |
| Minority transfer to reserves | | | | | | | | | | | - | | | - | | - |
| Amortised Amount of Stock Compensation Cost (net) | | | | | - | | | | | | - | | | - | | - |
| Dividends | | | | | | | | | | | - | | | - | | - |
| Tax on Dividend | | | | | | | | | | | - | | | - | | - |
| IND AS 116 transition impact | | | | | | | | | | | - | | | - | | - |
| Transfer to / from during the period | | - | - | | | - | - | 0 | - | - | - | | | - | - | - |

| | | | | | | | | | | | | | | | | Currency USD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Reserves & Surplus | | | | | | | | | | | | | | |
| **Particulars** | **Share Application Money pending Allotment** | **Capital Reserve on Consolidation** | **Capital reserve** | **Securities Premium** | **Share Option Outstanding Account** | **General Reserve** | **Statutory Reserve** | **SEZ reinvestment Reserve** | **Capital Redemption Reserve** | **Retained Earnings** | **Hedging Reserve** | **Fair Value through OCI (FVTOCI)** | **Foreign Currency Translation Reserve** | **Attributable to Owners of the Parent** | **Non Controlling Interests** | **Total** |
| **Balance at the end of reporting period March 31,2023** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(2,195,527)** | **(2,195,527)** | | | **(2,195,527)** | | **(2,195,527)** |
| | | | | | | | | | | | | - | - | (2,195,527) | - | (2,195,527) |
| **As per Hyperion** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(2,195,527)** | **(2,195,527)** | **-** | **-** | **(2,195,527)** | **-** | **(2,195,527)** |

**Note - 7: Other Current Liabilities**

| Particulars | As at 31-Mar-23 | Currency USD<br>As at 31-Mar-22 |
|---|---|---|
| Advances received from customers | **-** | - |
| Unearned revenue | **-** | - |
| Statutory Remittances | **-** | - |
| Others** | **292,558** | - |
| **TOTAL** | **292,558** | - |

**Note:**

Please provide details of others below -

**Summarised Breakup of Others** (Other Current Liabilities):**

| | 31-Mar-23 | Currency USD<br>31-Mar-22 |
|---|---|---|
| Other | **292558** | |
| **Total** | **292,558** | - |

**Note - 8: Other Expenses**

| Particulars | For the period ended 31-Mar-23 | Currency USD<br>For the period ended 31-Mar-22 |
|---|---|---|
| Power & Fuel Expenses | **-** | - |
| Rent | **-** | - |
| Rates and taxes | **-** | - |
| Communication Expenses | **-** | - |
| Travelling Expenses | **-** | - |
| Recruitment Expenses | **-** | - |
| Training | **-** | - |
| Hire Charges | **-** | - |
| Legal and other professional costs | **-** | - |
| Repair and maintenance Expenses | | |
| - Buildings (including leased premises) | **-** | - |
| - Machinery and Computers | **-** | - |
| - Others | **-** | - |
| Insurance charges | **-** | - |
| Software, Hardware and Project Specific Expenses | **-** | - |
| Claims and Warranties (Net) | **-** | - |
| Advertisement, Promotion & Selling Expenses | **380,156** | - |
| General Office Expenses | **-** | - |
| Allowance for Doubtful Receivables, Unbilled Revenue and Bad Debts written off | **-** | - |
| - Provided during the quarter | | - |
| - Bad Debts written off | | - |
| - Less: Provision reversed during the period | | - |

| Particulars | For the period ended 31-Mar-23 | Currency USD<br>For the period ended 31-Mar-22 |
|---|---|---|
| Provision for Doubtful Advances, Deposits and Advances written off | **-** | - |
| - Provided during the quarter | | - |
| - Bad Debts written off | | - |
| - Less: Provision reversed during the period | | - |
| Donation | **-** | - |
| Corporate Social Responsibility Expenditure | **-** | - |
| Provision for Impairment of Goodwill | **-** | - |
| Fair Value Change in Contractual Liability | **-** | - |
| Miscellaneous Expenses | **300** | - |
| **Total** | **380,456** | - |

# TECH MAHINDRA NETWORK SERVICES INTERNATIONAL INC.,

**Board of Directors**

Mr. Manish Vyas

Mr. Guru Prasad R Iyengar

**Registered Office**

5700 Democracy Drive

Suite 2000, Plano (Texas)

75024, United States of America

**Bankers**

Citi Bank

J P Morgan

**Auditors**

Grant Thornton Bharat LLP

# DIRECTORS' REPORT

**To**

**The Shareholders**

Your directors present their Report together with the audited accounts of your Corporation for the year ended March 31, 2023.

**Financial results:**

| For the year ended March 31, | **2023 USD (IN '000)** | **2022 USD (IN '000)** |
|---|---|---|
| Income | 241,066 | 197,557 |
| Profit/(Loss) before tax | 26,624 | (739) |
| Profit/(Loss)after tax | 22,077 | (4,301) |
| | | |

**Review of Operations:**

During the year under review, the Corporation recorded an income of US$ 241,066 after tax . The Corporation continues to invest in strengthening its operations and administrative infrastructure to support anticipated growth in the coming years.

**Dividends:**

During the year under review, no dividend is recommended.

**Directors:**

Mr. Manish Vyas and Mr. Guru Prasad R Iyengar are the members of the Board of Directors.

**Outlook for the current year:**

Business has been encouraging in USA and the Corporation is cautiously optimistic of the future.

**Change in shareholder:**

During the year under review, the sole shareholder viz Lightbridge Communications Corporations got merged with the corporation effective 1st January 2023. Due to this the shareholder of Lightbridge Communications Corporations viz TMA has become 100% shareholder of the corporation.

**Acknowledgements:**

Your directors gratefully acknowledge the contributions made by the employees towards the success of the Corporation. Your directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder/s for the co-operation and assistance received from them.

**Manish Vyas**

Director

Place: Plano, Texas

Date: June 14, 2023

# REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**Board of Directors**

**Tech Mahindra Network Services International Inc.**

**Opinion**

We have audited the consolidated financial statements of Tech Mahindra Network Services International Inc (a Delaware corporation) its subsidiaries (the "Company") and its associate, which comprise the consolidated balance sheets as of March 31, 2023 and 2022, and the related consolidated statement of profit & loss, comprehensive (loss)/income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audit and the report of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company, its subsidiaries and associates as of March 31, 2023 and 2022, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial information of, LCC Acquisition Holdings B.V., a division of LCC Europe B.V. and of Leadcom Integrated Solutions International B.V. and its subsidiaries, which reflect total assets constituting of 55.51% and 49.54% respectively of consolidated total assets as at March 31, 2023 and 2022 respectively, and total revenues constituting 61.45% and 49.77% of consolidated total revenues for the years then ended. Those financial statements were audited by other auditors, whose report has been furnished to us and our opinion, insofar as it relates to the amounts included, is based solely on the report of the other auditors.

**Basis of Opinion**

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibility of Management for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are issued.

**Auditor's Responsibility**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and its associate's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company and its associate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Place: Gurugram, India

Date: June 14, 2023

# CONSOLIDATED BALANCE SHEET

**(All amounts in US$ '000s, unless otherwise stated)**

| | Notes | | March 31 2023 | | March 31 2022 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | | $ | **36,837** | $ | 24,099 |
| Restricted cash | | | **55** | | 68 |
| Trade receivables, net of allowance for doubtful accounts of $ 1,627 and $ 2,276 | 3 | | **37,675** | | 33,543 |
| Unbilled revenue | | | **3,123** | | 6,060 |
| Contract assets, net | | | **11,068** | | 15,760 |
| Inventories, net | | | **1,394** | | 4,295 |
| Prepaid expenses and other current assets | | | **20,258** | | 22,299 |
| Due from related parties | 11 | | **4,353** | | 1,576 |
| **Total current assets** | | $ | **114,763** | $ | 107,700 |
| **Non-current assets** | | | | | |
| Property and equipment, net | 4 | $ | **3,605** | $ | 3,304 |
| Advance income taxes | | | **1,514** | | 567 |
| Deferred income tax assets | 7 | | **2,070** | | 1,928 |
| Goodwill | 5 | | **3,443** | | 3,443 |
| Other intangibles, net | 5 | | **3,245** | | 5,755 |
| Operating lease right-of-use assets (net) | 8 | | **5,814** | | 6,744 |
| Other non current assets | | | **1,851** | | 2,821 |
| **Total assets** | | $ | **136,305** | $ | 132,262 |
| **Liabilities and shareholders' equity** | | | | | |
| **Current liabilities** | | | | | |
| Lines of credit | 6 | $ | **36,087** | $ | 40,837 |
| Short term borrowings from related parties | 6 | | **25,026** | | 26,465 |
| Accounts payable | | | **8,530** | | 10,649 |
| Accrued expenses | | | **21,513** | | 21,452 |
| Accrued employee compensation and benefits | | | **6,457** | | 8,143 |
| Deferred revenue | | | **2,153** | | 3,437 |
| Income taxes payable | | | **4,636** | | 5,228 |
| Operating lease liabilities | 8 | | **1,981** | | 1,939 |
| Obligations under capital leases | 8 | | **73** | | 114 |
| Other current liabilities | | | **569** | | 222 |
| **Total current liabilities** | | $ | **107,025** | $ | 118,486 |
| Operating lease liabilities | 8 | | **4,447** | | 5,458 |
| Obligations under capital leases | 8 | | **71** | | 62 |
| Deferred income tax liabilities | 7 | | **969** | | 1,563 |
| Other non current liabilities | | | **5,766** | | 8,503 |
| **Total liabilities** | | $ | **118,278** | $ | 134,072 |
| **Shareholders' equity** | | | | | |
| Class A common stock; $0.5 and $0.5 par value per share at March 31, 2023 and March 31, 2022, respectively; | | | | | |
| 6,000 shares and 6,000 shares authorized at March 31, 2023 and March 31, 2022, respectively; | | | | | |
| 5,063 and 5,063 issued and outstanding at March 31, 2023 and March 31, 2022, respectively | | $ | **3** | $ | 3 |
| Additional paid-in capital | | | **277,108** | | 277,108 |
| Accumulated deficit | | | **(271,876)** | | (293,953) |
| Accumulated other comprehensive income | | | **12,771** | | 15,011 |
| Non-controlling interest | | | **21** | | 21 |
| **Total shareholders' equity** | | $ | **18,027** | $ | (1,810) |
| **Total liabilities and shareholders' equity** | | $ | **136,305** | $ | 132,262 |

The accompanying notes are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF PROFIT & LOSS

**(All amounts in US$ '000s, unless otherwise stated)**

| | Notes | | **Year ended March 31, 2023** | | Year ended March 31, 2022 |
|---|---|---|---|---|---|
| **Revenues** | | $ | **241,066** | $ | 197,557 |
| **Cost of revenues** | | | **188,414** | | 168,723 |
| **Gross profit** | | $ | **52,652** | $ | 28,834 |
| **Operating expenses** | | | | | |
| Sales and marketing | | $ | **3,491** | $ | 2,934 |
| General and administrative | | | **18,276** | | 18,174 |
| Depreciation and amortization | 4 & 5 | | **3,435** | | 4,767 |
| **Total operating expenses** | | $ | **25,202** | $ | 25,875 |
| **Profit before other income (expenses) and income taxes** | | $ | **27,450** | $ | 2,959 |
| **Other income/(expense)** | | | | | |
| Interest income | | | **569** | | 224 |
| Interest expense | | | **(2,972)** | | (2,669) |
| Others | | | **1,577** | | (1,253) |
| **Total other expense, net** | | $ | **(826)** | $ | (3,698) |
| **Profit/(loss) before income taxes** | | | **26,624** | | (739) |
| **Income tax expense** | 7 | | **4,547** | | 3,562 |
| **Net Profit/(loss) attributable to shareholders** | | $ | **22,077** | $ | (4,301) |

The accompanying notes are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS)/INCOME

**(All amounts in US$ '000s, unless otherwise stated)**

| | | Year ended March 31, 2023 | | Year ended March 31, 2022 |
|---|---|---|---|---|
| **Net Gain/(loss)** | **$** | **22,077** | $ | (4,301) |
| Other comprehensive (loss)/income : | | | | |
| Change in fair value of interest rate swap | | **1,176** | | 2,717 |
| Change in foreign currency translation reserve | | **(3,416)** | | 447 |
| **Total Comprehensive gain/(loss)** | **$** | **19,837** | $ | (1,137) |

The accompanying notes are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

**(All amounts in US$ '000s, unless otherwise stated)**

| | | Year ended March 31, 2023 | | Year ended March 31, 2022 |
|---|---|---|---|---|
| **Operating activities** | | | | |
| Net Profit/(loss) | **$** | **22,077** | $ | (4,301) |
| **Adjustments to reconcile net loss to net cash generated from operating activities:** | | | | |
| Depreciation and amortization | | **3,435** | | 4,783 |
| Deferred income taxes | | **(850)** | | (560) |
| Provision for doubtful accounts | | **181** | | (354) |
| Loss / (gain) on disposal of fixed assets | | **37** | | (17) |
| Changes in current and non current assets and liabilities: | | | | |
| Trade receivables | | **552** | | (743) |
| Accounts payable and accrued expenses | | **(6,388)** | | 2,427 |
| Inventories | | **2,901** | | (2,501) |
| Operating lease right-of-use assets and operating lease liabilities | | **972** | | (65) |
| Other current assets and liabilities | | **366** | | 8,078 |
| Other non-current assets and liabilities | | **(3,247)** | | (172) |
| **Net cash generated from operating activities** | **$** | **20,036** | $ | 6,575 |
| **Investing activities** | | | | |
| Purchase of property and equipment including other intangible assets | **$** | **(504)** | $ | (1,235) |
| Proceeds from sale of property and equipment | | **29** | | 19 |
| Net (investment) / redemption of short term bank deposits | | **20** | | (15) |
| **Net cash used in investing activities** | **$** | **(455)** | $ | (1,231) |
| **Financing activities** | | | | |
| Repayment of finance lease obligation | | **(130)** | | (777) |
| Proceeds /(repayment) of notes payable | | **(6,629)** | | 1,420 |
| Net repayment on lines of credit | | **(4,867)** | | (5,010) |
| Repayment of long-term loans | | **—** | | (73) |
| Proceeds /(repayment) of Loans from related parties | | **5851** | | — |
| Repayment of short-term banks loans, net | | **277** | | (866) |
| **Net cash used in financing activities** | **$** | **(5,498)** | $ | (5,306) |
| **Effect of exchange rate changes on cash and cash equivalents and restricted cash** | **$** | **(1,358)** | $ | (1,314) |
| **Net (decrease) / increase in cash and cash equivalents and restricted cash** | | **12,725** | | (1,276) |
| **Cash and cash equivalents and restricted cash at the beginning of the period** | | **24,167** | | 25,443 |
| **Cash and cash equivalents and restricted cash at the end of the period** | **$** | **36,892** | $ | 24,167 |
| **Reconciliation of Cash and Cash equivalents and Restricted Cash** | | | | |
| Cash and Cash equivalents | | **36,837** | | 24,099 |
| Restricted Cash | | **55** | | 68 |
| | **$** | **36,892** | $ | 24,167 |
| **Supplemental Disclosures:** | | | | |
| Cash paid during the period for: | | | | |
| Interest | **$** | **4,362** | $ | 2,921 |
| Income taxes | | **5,416** | | 3,521 |
| Cash received during the period for: | | | | |
| Interest | **$** | **569** | $ | 224 |
| **Supplemental Disclosures of Non-Cash Investing and Financing Activities:** | | | | |
| Fixed asset additions under capital lease | **$** | **89** | $ | 137 |
| Initial recognition of the lease at commencement | | **1,393** | | 876 |

The accompanying notes are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

**(All amounts in US$ '000s, unless otherwise stated)**

| | Common stock | | | | Additional paid in capital | Accumulated deficit | Accumulated other comprehensive income | | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|
| | Authorized | | Issued and outstanding | | | | Foreign currency translation reserve | Hedging reserve | |
| | Shares | Amount | Shares | Amount | Amount | Amount | Amount | Amount | Amount |
| **Balance as at April 1, 2021** | 6,000 | $ 3 | 5,063 | $ 3 | $ 277,108 | $ (289,652) | $ 12,670 | $ (823) | $ (694) |
| Net loss | - | - | - | - | - | (4,301) | - | - | (4,301) |
| Change in fair value of interest rate swap | - | - | - | - | - | - | - | 2,717 | 2,717 |
| Change in foreign currency translation reserve | - | - | - | - | - | - | 447 | - | 447 |
| **Balance as at March 31, 2022** | 6,000 | $ 3 | 5,063 | $ 3 | $ 277,108 | $ (293,953) | $ 13,117 | $ 1,894 | $ (1,831) |
| Net gain | - | - | - | - | - | 22,077 | - | - | 22,077 |
| Change in fair value of interest rate swap | - | - | - | - | - | - | - | 1,176 | 1,176 |
| Change in foreign currency translation reserve | - | - | - | - | - | - | (3,416) | - | (3,416) |
| **Balance as at March 31, 2023** | **6,000** | **$ 3** | **5,063** | **$ 3** | **$ 277,108** | **$ (271,876)** | **$ 9,701** | **$ 3,070** | **$ 18,006** |

The accompanying notes are an integral part of these consolidated financial statements.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 1—DESCRIPTION OF OPERATIONS AND BASIS OF PRESENTATION

Tech Mahindra Network Services International Inc. (“TMNSI”), a Delaware corporation, was formed in March 2010 and is headquartered in Plano, Texas. Unless the context indicates otherwise, the term “Company” refers herein to TMNSI and its subsidiaries.

Tech Mahindra (Americas), Inc., which is a wholly owned subsidiary of Tech Mahindra Limited (“Tech Mahindra”) acquired Lightbridge Communications Corporation (former holding company of TMNSI) effective 1st January 2015.

Effective January 1, 2023, Lightbridge Communications Corporation, merged into its wholly owned subsidiary Tech Mahindra Networks Services International Inc. (TMNSI). The merger was through common control transaction.

TMNSI conducts business through its direct and indirect wholly owned subsidiaries that provide services in North America, Europe, Middle East and Africa, Latin America, and Asia.

The Company provides integrated end-to-end solutions for wireless voice and data communications networks with offerings ranging from high level technical consulting to system design and optimization services, ongoing operations and maintenance services, and deployment services. The Company uses initial opportunities to provide high-level technical consulting services to secure later-stage system design and network optimization contracts. Engagements to provide design services also create opportunities for the Company to propose on operations and maintenance projects including network optimization contracts as well as other services. The Company’s technical consulting, system design and network optimization practices position it to capitalize on additional opportunities as new technologies are developed and wireless service providers upgrade their existing networks, deploy the latest available technologies, and respond to changes in how customers use wireless services.

The accompanying consolidated financial statements include the results of TMNSI and its direct and indirect wholly owned subsidiaries. Intercompany transactions and balances have been eliminated in the consolidated financial statements. Investments in entities in which the Company does not have majority ownership have been accounted for using the equity method of accounting. The share of profit / loss of the associate company has been adjusted to the cost of investment in the associate, as per the ‘Equity method’.

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### Liquidity

As of March 31, 2023, the Company had an accumulated deficit of $ 271,876 (March 31, 2022 $ 293,953) and the Company has made a net profit of $ 22,077 for the year ended March 31, 2023 (March 31, 2022 net loss $ 4,301). The Company had cash inflow from operations of $ 20,036 for the year ended March 31, 2023 (March 31, 2022 $ 6,575). As of March 31, 2023, the Company has approximately $ 61,113 of short-term borrowings (March 31, 2022 $ 67,302), the most significant of which are $ 31,787 (March 31, 2022 $ 36,880) from Citibank N.A scheduled to mature in April 2024 with renewals at agreed intervals and $ 18,981 (March 31, 2022 $ 19,981) from CJS Solutions Group LLC scheduled to mature at agreed intervals from January 2024. The borrowings under these facilities are guaranteed by Tech Mahindra Limited, the ultimate holding company, or funded by its related parties. See Note 6, Borrowings. Management has prepared projections and believes that cash flows from operations, existing cash on hand, available cash under existing credit facilities, plus availability of cash, if needed, from Tech Mahindra Limited will be adequate to fund the Company’s cash requirements for the foreseeable future. Accordingly, the financial statements for the year ended March 31, 2023, has been prepared on a going concern basis.

## NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

**Significant accounting policies are as follows:**

### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Estimates are used in accounting for, among other things, revenue recognition on contracts, allowance for doubtful accounts, inventory obsolescence, accrual of income taxes, recoverability of investments in affiliates, goodwill and other intangible assets and discounting of lease liability. Although these estimates are based upon management’s best knowledge of current events and actions, actual amounts may differ from estimates.

### Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents include all highly liquid investments purchased with original maturities of 90 days or less and short-term money market funds. The Company places its cash and cash equivalents with high-quality financial institutions.

Restricted cash includes margin money kept with the bank for Line of Credit.

At March 31, 2023 and March 31, 2022, the Company had $ 36,721 and $ 23,276 of cash in foreign bank accounts, respectively.

**Concentration of Credit Risk**

Financial instruments that potentially expose the Company to the concentration of credit risk consist primarily of trade receivables, cash and cash equivalents and restricted cash. The Company sells services globally. Generally, the Company does not require collateral or other security to support customer receivables. The Company performs ongoing credit evaluations of its customers' financial condition and maintains an allowance for doubtful accounts related to potential credit losses. The Company had the following significant concentrations of trade receivables from customers including within United States of America at March 31, 2023 and March 31, 2022:

| | March 31 | |
|---|---|---|
| | 2023 | 2022 |
| Middle East/Africa | $ 18,404 | $ 17,069 |
| Americas | 15,007 | 12,647 |
| Rest of the world | 4,264 | 3,827 |

The Company's existing and potential customer base is diverse and includes domestic and foreign telecommunications carriers, equipment manufacturers and foreign enterprises. The Company derived approximately 72% and 73% of its revenues from ten customers for the year ended March 31, 2023 and 2022, respectively. The Company has approximately 66% and 71% of its trade receivable (including unbilled revenue) from ten customers as of March 31, 2023 and 2022, respectively. Individually, one of these top ten customers comprised 20% and 17% of total revenue for the year ended March 31, 2023 and 2022 respectively. Individually, one of these top ten customers of the Company had net receivable balance (including unbilled revenue) at 20% and 14% of total receivables as of March 31, 2023 and 2022, respectively.

At times, the Company maintains cash balances in financial institutions, which may exceed federally insured limits. The Company has not experienced any losses in its accounts and believes it is not exposed to a significant credit risk on its cash and cash equivalents. As at March 31, 2023, the Company has Nil [2022: NIL] as balances in excess of the federally insured amounts.

Although the Company believes that the diversity of its customer base may minimize the risk of incurring material losses due to concentrations of credit risk, the Company may be exposed to a declining customer base in periods of market downturns, severe competition, exchange rate fluctuations or other international developments.

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**Fair Value Measurements**

The carrying amounts reported in the consolidated balance sheet for cash and cash equivalents, trade receivable, notes payable, accounts payable and accrued expenses and certain other current liabilities approximate fair value due to the immediate to short-term maturity of these financial instruments.

The Company follows the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures, for financial assets and liabilities measured on a recurring basis. ASC 820 applies to all financial assets and financial liabilities that are being measured and reported on a fair value basis. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses various valuation approaches, including market, income and/or cost approaches. ASC 820, Fair Value Measurements and Disclosures establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company.

Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. Financial assets and liabilities which are recorded at fair value in the accompanying financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. The levels are directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities, and are as follows:

| | |
|---|---|
| **Level 1 –** | Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuations of these products do not entail a significant degree of judgment. |
| **Level 2 –** | Inputs other than quoted prices included in Level 1, which are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active. The Company's interest rate swaps are valued using level 2 inputs. |
| **Level 3 –** | Unobservable inputs that reflect the reporting entity's own assumptions. |

**Assets and Liabilities Measured at Fair Value**

The following table sets forth the Company's assets and liabilities that were accounted for at fair value as of March 31, 2023 and 2022

**As at March 31, 2023**

| Assets | Level 1 | Level 2 | Level 3 |
|---|---:|---:|---:|
| Derivative Assets | - | 3,070 | - |
| **Total** | **-** | **3,070** | **-** |

**As at March 31, 2022**

| Assets | Level 1 | Level 2 | Level 3 |
|---|---:|---:|---:|
| Derivative Asset | - | 1,894 | - |
| **Total** | **-** | **1,894** | **-** |

**Inventories**

Cost represents purchase price from third party invoice/s and other costs directly related to bringing the inventory to their current location and condition. As at March 31, 2023, inventories are composed of $ 2,523 and at March 31, 2022, inventories were, $ 5,490.

The allowance for obsolete and slow-moving inventory as at March 31, 2023 and as at March 31, 2022 was $ 1,129 and $ 1,195 respectively.

**Property, Equipment and Software**

Property and equipment are stated at cost, less an allowance for depreciation and amortization.

Assets under capital lease obligations are recorded at lower of the present value of the minimum lease payments or the fair market value of the leased asset, at the inception of the lease.

Replacements and major improvements are capitalized; maintenance and repairs are charged to expense as incurred.

Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets per the table below.

| | |
|---|---:|
| Computer and electronics | 3 years |
| Software | 3 years |
| Machinery and equipment | 3 to 7 years |
| Furniture and office equipment | 3 to 15 years |
| Office building | 20 years |
| Leasehold improvements | Shorter of the term of the lease or estimated useful life |
| Vehicles | 3 to 5 years |

Expenditure for maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the cost of the asset and related accumulated depreciation and amortization are eliminated from the financial records. Any gain or loss on disposal is credited or charged to the statement of operations.

**Impairment of Long-Lived Assets**

The Company's policy is to review its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with ASC 360, Property Plant and Equipment. The Company recognizes an impairment loss when the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset. The measurement of the impairment losses to be recognized is based upon the difference between the fair value and the carrying amount of the assets.

**Goodwill and Other Intangible Assets**

Goodwill and other intangible assets acquired in a business combination and determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually in accordance with the provisions of ASC 350, Intangibles - Goodwill and Other (ASC 350). ASC 350 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values and reviewed for impairment. Goodwill represents the excess of cost over the fair value of identifiable net assets acquired. The Company tests goodwill for impairment on an annual basis as of March 31. In addition, goodwill and other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

The goodwill and indefinite-lived intangibles impairment test consists of a two-step process, if necessary. The Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill and indefinite-lived intangibles impairment test. The more likely than not threshold is defined as having a likelihood of more than 50 percent. This evaluation includes macroeconomic and industry and market specific considerations, financial performance indicators and measurements, and other factors. If, after assessing the totality of events or circumstances, the Company determines that it is not more likely than not that the fair value of a reporting unit is less than it's carrying amount, then performing the two-step impairment test is unnecessary, and goodwill and other indefinite-lived intangible assets are considered to be unimpaired. However, if based on the Company's qualitative assessment, it concludes that it is more likely than not that the fair value of a reporting unit is less than it's carrying amount, the Company will proceed with performing the two-step process. The Company performed a qualitative assessment as of March 31, 2023 and concluded that it was more likely than not that goodwill and indefinite-lived intangible assets were not impaired.

The first step of the impairment test involves comparing the fair value of the reporting unit to its net book value, including goodwill. If the net book value exceeds its fair value, then the Company would perform the second step of the goodwill impairment test to determine the amount of the impairment loss. The impairment loss would be calculated by comparing the implied fair value of the Company to its net book value. In calculating the implied fair value of the Company's goodwill, the fair value of the Company would be allocated to all the other assets and liabilities based on their fair values. The excess of the fair value of the Company over the amount assigned to its other assets and liabilities is the implied fair value of goodwill. An impairment loss would be recognized when the carrying amount of goodwill exceeds its implied fair value. There have been no impairments of goodwill or indefinite-lived intangible assets recorded in the Company's consolidated statement of operations during the year ended March 31, 2023 and March 31, 2022.

**Allowance for Doubtful Accounts**

Trade receivables from customers are generally due within 60-90 days and are stated at amounts due from customers, net of an allowance for doubtful accounts. The Company makes estimates of the probability of collection of trade receivable by specifically analyzing customer balances, concentrations, creditworthiness, current economic trends and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. Trade receivables are written off when they become uncollectible.

**Revenue Recognition**

The Company's principal sources of revenue are consulting, integration, operations and solutions.

Revenue is recognized upon transfer of control of contracted products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

The Company recognizes revenues from fixed-price contracts using the percentage-of-completion method and proportional performance method based on nature and terms of the contract with customers. Under proportional performance method, revenue from services is recognized in accounting periods in which the services are rendered, by reference to completion of the specific transaction, assessed on the basis of the actual service provided as a proportion of the total services to be provided. Depending on the nature of the contract, revenue is recognized based on the proportion of the contract term completed, or the specific services provided to date.

Under the percentage-of-completion method, revenues are recognized based on the ratio of individual contract costs incurred to date on a project compared with total estimated contract costs. The Company compares costs incurred to date to progress achieved against project milestones to determine if the percentage of completion is reasonable. Anticipated contract losses are recognized as soon as they become known and estimable.

The Company recognizes revenues on time and materials contracts as the services are performed i.e., based on time / efforts spent.

In deployment projects, the Company generally receives purchase orders for individual cell sites based on agreed upon fixed prices for types of standard cell sites. Non-standard services related to a cell site are priced on a variable basis using either agreed upon rates per hour or a rate schedule for such non-standard services. Deployment of cell sites may take up to several months and revenues and costs are recognized on a percentage of completion basis based upon the Company's engineering estimates.

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (under current assets) when there is an unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue is recognized when there is billing in excess of revenues, under current liabilities. The billing schedules agreed with customers include periodic performance - based payments and / or milestone - based progress payments. Invoices are payable within contractually agreed credit period.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event, the transaction price is revised for an existing obligation, a cumulative adjustment is accounted for. There are no material contract acquisition costs incurred by the Company.

**Use of significant estimates and judgements**

Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended are used to measure progress towards completion as there is a direct relationship between input and productivity.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

**Disaggregation of revenue:**

The Company disaggregates revenue from contracts with customers by geography and contract-type, as it believes it best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by industry, market and other economic factors. Revenues are attributed to geographic regions based upon client location.

The following tables set forth reported revenue by geography and contract type:

| Geographic Location | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---:|---:|
| Middle East / Africa | 154,093 | 114,393 |
| Americas | 65,753 | 50,685 |
| Rest of the world | 21,220 | 32,479 |
| **Total** | **241,066** | **197,557** |

| Type of Contract | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---:|---:|
| Fixed Price | 180,483 | 140,050 |
| Time and Materials | 60,583 | 57,507 |
| **Total** | **241,066** | **197,557** |

**Income Taxes**

Income taxes are determined in accordance with ASC 740, Income Taxes. Under this guidance, temporary differences arise as a result of the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Deferred tax assets and liabilities of different jurisdictions are not offset.

The Company recognizes the financial statement effect of an income tax position when it is more likely than not, based on technical merits, that the position will be sustained upon examination by a taxing authority. Recognized tax positions are initially and subsequently measured as the largest amount of tax benefit that is more likely than not of being realized upon ultimate settlement with the relevant taxing authority. The Company has chosen to treat interest and penalties related to uncertain tax liabilities as income tax expense and as an increase to the income tax liability. For the year ended March 31, 2023 and March 31, 2022, the Company did not record any interest or penalties related to uncertain tax positions.

As a subsidiary of Tech Mahindra (Americas), Inc., with whom the Company files consolidated federal and state returns, the Company calculates the provision for income taxes by using a “benefits-for-loss” method. Under this method, the Company and its subsidiaries are assumed to file a separate return with the tax authority, thereby reporting the taxable income or loss and paying the applicable tax to or receiving the appropriate refund from Tech Mahindra (Americas), Inc. as if the Company and all of its subsidiaries were separate taxpayers, except that the net operating losses (or other current or deferred tax attributes) are characterized as realized (or realizable) by the Company and its subsidiaries when those tax attributes are realized by the consolidated group even if the Company and its subsidiaries would not otherwise have realized the attributes on a stand-alone basis. The Company’s intercompany tax-related receivable from Tech Mahindra (Americas), Inc. are Nil and $ 2,826 at March 31, 2023 and March 31, 2022, respectively.

Certain of the Company’s international operations are subject to local income taxes. Currently, the Company is subject to taxation on income from certain operations in Europe, Latin America, Africa, the Middle East and the non-U.S. portions of North America where the Company has subsidiaries, has established branch offices or has performed significant services that constitute a “permanent establishment” for tax reporting purposes. The foreign taxes paid or accrued by the Company may represent a potential credit for the Company against U.K. or U.S. federal income taxes.

**Foreign Currency Translation**

The Company’s foreign operations are subject to exchange rate fluctuations and foreign currency transaction costs. The majority of the Company’s foreign transactions are denominated in Euro and Saudi Riyals.

The financial statements of the Company’s foreign subsidiaries have been translated into U.S. dollars in accordance with ASC 830-30, Translation of Financial Statements. For foreign operations with the local currency as the functional currency, assets and liabilities denominated in non-U.S. dollar functional currencies are translated using the period-end spot exchange rates. Revenues and expenses are translated at monthly-average exchange rates. Capital accounts are translated at historical exchange rates. The current period effects of translating operations with a functional currency other than the reporting currency are reported within the statement of comprehensive income (loss) with accumulated effects presented as a component of accumulated other comprehensive income (loss) within the consolidated statement of changes in shareholders’ equity. The determination of functional currency is based on the subsidiary’s relative financial and operational independence from the Company’s US based parent.

The Company is also subject to foreign currency transaction gains or losses due to inter-company payables and receivables denominated in foreign currency. For the year ended March 31, 2023 and March 31, 2022, these balances generated a foreign exchange loss of $ 33 and loss of $ 210, respectively. These amounts are included in other income/(expense) in the consolidated statement of operations.

**Other Comprehensive Income/(Loss)**

Comprehensive income/(loss) is defined as net income/(loss) plus the changes in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. Other comprehensive income/(loss) refers to revenues, expenses, gains and losses that under U.S. GAAP are included in comprehensive income/(loss) but excluded from net income (loss).

**Derivative Instruments**

The Company records derivatives at fair value. The designation of a derivative instrument as a hedge and its ability to meet the hedge accounting criteria determine how the Company reflects the change in fair value of the derivative instrument within its consolidated financial statements. A derivative qualifies for hedge accounting if, at inception, the Company expects that the derivative will be highly effective in offsetting the underlying hedged cash flows and the Company fulfills the hedge documentation standards at the time it enters into the derivative contract.

The Company designates a hedge as a cash flow hedge based on the exposure it is hedging. For the effective portion of qualifying cash flow hedges, the Company records changes in fair value in other comprehensive income/(loss) (“OCI”). The Company reviews the effectiveness of its hedging instruments quarterly. The Company manages its exposure to the interest fluctuation risk by monitoring available financing alternatives, as well as through development and application of credit granting policies. As a matter of policy, the Company only enters into transactions that it believes will be highly effective at offsetting the underlying risk, and the Company does not use derivatives for trading or speculative purposes.

**Leases:**

Effective April 1, 2019, the Company has early adopted, with modified retrospective application, Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, “Leases (Topic 842)” (ASC 842), which replaces existing lease accounting rules (ASC 840) with a comprehensive lease measurement and recognition standard and expanded disclosure.

This update requires the recognition of lease assets and lease liabilities on the balance sheet for all lease obligations and disclosing key information about leasing arrangements. This update requires the recognition of lease assets and lease liabilities by lessees for arrangements that are classified as operating leases. The Company’s operating leases resulted in the recognition of additional assets and the corresponding liabilities on its Consolidated Balance Sheet.

The Company determines whether an arrangement is a lease at contract inception by establishing if the contract conveys the right to control the use of identified property, plant and equipment for a period of time in exchange for consideration.

Right of Use (ROU) Assets and Lease Liabilities for operating leases are separately disclosed under non-current assets, current liabilities and non-current liabilities in the consolidated balance sheet as at March 31, 2023 and March 31, 2022. The ROU Assets represent the right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Commitments under finance leases are not significant, and are included in Property, plant and equipment, current liabilities, and non-current liabilities in the consolidated balance sheet as at March 31, 2023 and March 31, 2022.

The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Company uses an incremental borrowing rate. The lease expenses with original terms of one year or less are charged to the Consolidated Statement of Operations.

**Recently issued accounting pronouncements:**

In June 2016, the FASB issued Accounting Standards Update No. 2016-13 (ASU 2016-13) “Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss model which requires the use of forward-looking information to calculate credit loss estimates. These changes will result in earlier recognition of credit losses. The guidance is effective for the company for fiscal years, and interim periods within those fiscal years beginning after December 15, 2022. The Company is currently evaluating the potential impact of adoption of this ASU on its consolidated financial statements.

In October 2021, FASB (“Financial Accounting Standard Board”) issued ASU No. 2021-08, Business Combinations (“ASC Topic 805”): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers. This ASU provides guidance in ASC Topic 805 to require the acquirer entity to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with ASC Topic 606, as if it had originated the contracts. Generally, this should result in an acquirer recognizing and measuring the acquired contract assets and contract liabilities consistent with how they were recognized and measured in the acquiree’s financial statements, if the acquiree prepared financial statements in accordance with U.S. GAAP. The ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2023. The adoption of this ASU will not have any impact on the Company’s consolidated financial statements.

**NOTE 3—TRADE RECEIVABLE**

The Company is party to various long-term contracts for which significant revenues are recognized on the percentage-of-completion method. Certain of these contracts have large amounts of unbilled receivables associated with them and will be performed over a period of more than one year.

The Company is party to trade receivable factoring agreements with financial institutions in Europe, Middle East and Africa jurisdiction whereby the Company may sell eligible trade receivable. The Company accounts for these programs under ASC 860, Transfers and Servicing which requires that transferred assets have been isolated from the transferor, the transferee obtains the right to transfer or exchange the asset and the transferor does not maintain effective control over the transferred assets through an agreement that both entitles and obligates the transferor to repurchase or redeem the assets transferred in order to qualify as a sale. The Company's factoring arrangements do not meet all the criteria for sale accounting; hence those factoring arrangements are accounted for as secured borrowings. If the Company's factoring arrangement meets the criteria for sale accounting, those factoring arrangements are accounted as adjustment of trade receivables.

The Company is party to a factoring agreement (the "HSBC Agreement") with HSBC FACTORING France ("HSBC") whereby the Company's French subsidiary may sell its eligible accounts receivable to HSBC on a revolving basis up to a maximum of Euros 2,210 (in '000s). Under the terms of the HSBC Agreement, accounts receivables are sold to HSBC with recourse at 90% of their face value, less interest of EONIA plus 0.90% and a commission of 0.40%. Transfers of accounts receivable were approximately Euros 503 (in '000s) and 612 (in '000s) (approximately $ 547 and $ 680) as of March 31, 2023 and March 31, 2022, respectively, which is included within lines of credit in the consolidated balance sheets. As of March 31, 2023 and March 31, 2022, the Company had unutilized limit of Euros 755 (in '000s) and 1,150 (in '000s) (approximately $ 821 and $ 1,280), respectively, available under the HSBC Agreement.

There are no restrictions on assets reported by an entity in its balance sheet that relate to a transferred financial asset, including the carrying amounts of those assets. There are no servicing assets and servicing liabilities to be reported. There are no material transaction costs incurred by the Company on factoring transactions. The Company accounts for factoring arrangements as secured borrowings since the transferor has continuing involvement with the transferred financial assets.

The Company is party to a factoring agreement (the "Bankinter Agreement") with Bankinter S.A., ("Bankinter") whereby the Company's Spanish subsidiary may sell its eligible accounts receivable to Bankinter on a revolving basis up to a maximum of Euros 500 (in '000s). Under the terms of the Bankinter Agreement, trade receivables are sold to Bankinter without recourse at 100% of their face value less interest of EURIBOR plus 2% and a commission of 0.50%. During the current year and previous year, there were no transfers of trade receivable. As of March 31, 2023, and March 31, 2022, the Company had unutilized limits of Euros 500 (in '000s) and Euros 500 (in '000s) (approximately $ 544 and $ 550), respectively, available under the Bankinter Agreement.

**NOTE 4—PROPERTY AND EQUIPMENT**

At March 31, 2023 and 2022, property and equipment consisted of the following:

| | March 31 | | | |
|---|---|---|---|---|
| | | **2023** | | 2022 |
| Computer and electronics | $ | **3,394** | $ | $ 2,754 |
| Machinery and equipment | | **9,428** | | 9,580 |
| Furniture and office equipment | | **2,559** | | 2,867 |
| Office building | | **2,309** | | 2,356 |
| Leasehold improvements | | **3,670** | | 3,771 |
| Vehicles | | **3,244** | | 4,728 |
| Property and equipment | | **24,604** | | 26,056 |
| Less: accumulated depreciation and amortization | | **(20,999)** | | (22,752) |
| **Property and equipment, net** | **$** | **3,605** | **$** | **$ 3,304** |

Property and equipment include vehicles and machinery and equipment under capital lease amounting to $ 2,831 and $ 4,514 as of March 31, 2023 and March 31, 2022 respectively. Accumulated depreciation for vehicles and machinery and equipment under capital lease amounted to $ 2,682 and $ 4,316 as of March 31, 2023 and March 31, 2022 respectively.

Depreciation and amortization expense related to property and equipment for the year ended March 31, 2023 and 2022 was $ 795 and $ 1,500, respectively.

**NOTE 5—GOODWILL AND INTANGIBLE ASSETS**

As of March 31, 2023 and 2022, intangible assets consisted of the following:

| | March 31 | |
|---|---|---|
| | **2023** | **2022** |
| Goodwill | **$ 3,443** | $ 3,443 |
| (Beginning and end of the year) | | |
| **Other intangible assets:** | | |
| Customer relationships | **33,321** | 33,762 |
| Backlog | **308** | 309 |
| Trade names | **6,689** | 6,689 |
| Patents | **48** | 48 |
| Software | **4531** | 4,463 |
| | **44,897** | 45,271 |
| **Total other intangible assets** | | |
| Less: Accumulated amortization | | |
| Customer relationships | **(31,267)** | (30,016) |
| Backlog | **(308)** | (309) |
| Trade names | **(5,911)** | (5,288) |
| Patents | **(48)** | (48) |
| Software | **(4,118)** | (3,855) |
| Accumulated amortization | **(41,652)** | (39,516) |
| **Other intangible assets, net** | **$ 3,245** | **$ 5,755** |

The Company reviews its definite-life intangible assets for impairment, in accordance with ASC 350 - Intangibles - Goodwill and Other. The result of this review identified no impairment of the intangible assets as of March 31, 2023 and 2022.

Amortization expense related to intangibles was $ 2,640 and $ 3,267 for the year ended March 31, 2023 and 2022, respectively. The weighted average amortization period is 12 years for customer relationships; 10 years for patents; 10 years for trade names; 1.5 years for backlog and 4 years for software.

The following summarizes expected amortization expense for each of the five succeeding years:

| | |
|---|---|
| March 31, 2024 | 2,279 |
| March 31, 2025 | 653 |
| March 31, 2026 | 105 |
| March 31, 2027 | 97 |
| March 31, 2028 | 111 |
| Thereafter | - |
| | **$ 3,245** |

**NOTE 6—BORROWINGS**

**Unsecured Credit Facilities**

In March 2015, the Company entered into a $ 50,000 uncommitted line of credit agreement with Citibank, N.A (“Citibank”) which allows borrowing up to $ 50,000 until March 1, 2016. The loan has been extended from time to time with most recent extension till February 2024. The facility accrues interest at a rate of LIBOR plus 0.65% from December 2017, and further reduced to LIBOR plus 0.60% from December 2019. Amendment 4 to the agreement was signed on December 5, 2019 to facilitate a Euro line of credit not exceeding EURO 31,000 (in ‘000s) against aforementioned $ 50,000 line of credit. The USD line of credit was decreased by $ 16,900 (equivalent of EURO 15,000 (in ‘000s) and a separate EURO 15,000 (in ‘000s) line of credit was obtained. Amendment 8 extends the agreement to February 2024 with all advances and interest at a rate of SOFR plus 0.70%. $ 50,000 line was increased to $ 52,000, bifurcated into Fund amount of $ 32,000 in

Amendment 12 and Nonfund of $ 20,000 for Letter of Credit to Nigeria. The facility is an unsecured facility. Tech Mahindra serves as a guarantor for the facilities.

In April 2016, the Company entered into an agreement with Citibank for additional credit facility, which allowed borrowing up to $ 30,000 until April 15, 2018. An amendment was signed on March 21, 2018 to facilitate 8,600 Euros (in '000s) line of credit within aforementioned $ 30,000 line of credit ($ 29,000 funded line and $ 1,000 on non-funded line). Amendment 4 to the agreement was signed on September 11, 2019 increasing the EURO line of credit to 11,600 Euros (in '000s). Amendment 5 extended the line to April 10, 2021. A new agreement was drawn and the facility was changed to $ 29,000 funded line only up to April 18, 2024. The facility accrued interest at a rate of LIBOR plus 0.95% till December 2017 and at a rate of LIBOR plus 0.80% post December 2017. Amendment 1 extends the agreement to April 18, 2024 at SOFR plus 0.70% Tech Mahindra serves as a guarantor for the facilities.

As of March 31, 2023, $ 4,112 and $ 27,675 were drawn against the two Citibank facilities mentioned above. Total interest expense on the said facility was $ 1,521 and $ 393 for the year ended March 31, 2023 and 2022, respectively.

In March 2015, the Company received a $ 40,000 line of credit from JPMorgan Chase Bank, N.A.("JPMorgan") under which it could have borrowings until February 29, 2016. The line of credit was increased to $ 48,000 in September 2015. The maturity was extended from time to time with most recent extension till December 2023. Each loan issued under the promissory note matures no later than twelve months from the date of the loan. The facility accrues interest at a rate of the greater of (i) the Prime Rate, (ii) Federal Funds Effective Rate plus 0.5%, (iii) the Eurodollar Rate for a one-month period plus 1.0%. $ 7,438 was advanced in June 2022 at SOFR plus 0.85% and was repaid in full with interest during the year ended March, 2023. The agreement was extended to December, 2023. There is no outstanding principal and interest at March 31, 2023. The facility is an unsecured facility. Tech Mahindra Limited serves as a guarantor for the facility. $ 35,000 was advanced in November, 2022 at SOFR plus 0.65%. The agreement is valid till December, 2023; however, was repaid in full with interest in December, 2022. There is no outstanding principal and interest at March 31, 2023. The facility is an unsecured facility. Tech Mahindra Limited serves as a guarantor for the facility.

As of March 31, 2023, there is no amount drawn against the JPMorgan facility. Total interest expense on the facility was $ 365 and $ Nil for the year ended March 31, 2023 and 2022, respectively.

In September 2020, the Company entered into an agreement with Tech Mahindra (Americas) Inc. for a loan facility, which allowed borrowing up to $ 50,000 until September 29, 2021. $ 32,000 was advanced in September 2020, $ 27,000 was repaid in January 2021. $ 560 was repaid in September 2021 and $ 1,501 was repaid in March 2022. Outstanding balance of $ 2,939 was repaid in June 2022. On the $ 32,000 advance; the Company accrued and paid interest at a rate of LIBOR plus 105 BPS (1.31925% p.a.) and has further extended to September 2022 at a rate of (1.32% p.a.).

Further, in March 2021, $ 2,000 was advanced at a rate of LIBOR plus 105 BPS (1.26% p.a.) ending September 2021; the agreement was extended to March 2022 at a rate of LIBOR plus 105 BPS (1.205% p.a.); the agreement was extended to April 2022 LIBOR plus 105 BPS (1.24% p.a.). Then was further extended to October 2022 at a rate of LIBOR plus 105 BPS. The $ 2,000 was repaid in June 2022.

In June 2021 $ 1,500 was advanced, the Company accrued and paid interest at a rate of LIBOR plus 105 BPS (1.2% p.a.) to September 15, 2021 and was extended at a rate of LIBOR plus 105 BPS (1.1984% p.a.) to March 15, 2022 and was extended to April 13, 2022 at a rate of LIBOR plus 100 BPS (1.19% p.a.) and was extended to October 2022 at a rate of LIBOR plus 105 BPS (1.33% pa.) The $ 1,500 was repaid in June 2022.

On April 21, 2022, $ 1,000 was advanced at a rate of SOFR plus 100 BPS (1.33% p.a.) and was repaid in June 2022.

In September 2020, the Company entered into an agreement with CJS Solutions Group LLC for loan facility, which allowed borrowing up to $ 10,000 until September 30, 2021. $ 4,300 was advanced and the Company accrued and paid interest at a rate of LIBOR plus 100 BPS (1.36% p.a.). The loan was repaid at $ 2,000 in March, 2021; $ 1,500 in June, 2021 & final payment of $ 800 in August 2021.

In December, 2020, the Company entered into an additional agreement with CJS Solutions Group LLC for loan facility, which allowed borrowing up to $ 20,000 until December 2021. $ 9,000 was advanced and the Company accrued and paid interest at a rate of LIBOR plus 80 BPS (1.04% p.a.). $ 700 was repaid in August 2021; $ 9 was repaid in March 2022, $ 1,500 was advanced in March 2022. The loan has been extended to December 2023 at rate of SOFR plus 80 BPS (5.6916% p.a.) The total outstanding Principal amount for the loan is $ 9,791 with no outstanding interest at March 31, 2023. In January 2021, the Company entered into a third agreement with CJS Solutions Group LLC for loan facility, which allowed borrowing up to $ 20,000 until January 2022. $ 6,700 was advanced and the Company accrued and paid interest at a rate of LIBOR plus 80 BPS (1.00188% p.a.). $ 10 was repaid in March 2022 and the loan has been extended to January 2024 at a new rate of SOFR plus 80 BPS. The total outstanding Principal amount for the loan is $ 6,690 with no outstanding interest at March 31, 2023. In August 2021, the Company entered into another agreement with CJS Solutions Group LLC for loan facility, which allowed borrowing up to $ 20,000 until August 2022. $ 3,500 was advanced and the Company accrued and paid interest at a rate of LIBOR plus 80 BPS (1.0355% p.a.). $ 1,000 was repaid in April 2022. The agreement has been extended to August 2023 at a new rate of SOFR plus 80 BPS. The total outstanding Principal amount for the loan is $ 2,500 with no outstanding interest at March 31, 2023.

The aggregate maturities (inclusive of interest accrued and due) of all borrowings as of March 31, 2023 are as follows:

| | |
|---|---|
| 2024 | $ 61,113 |
| 2025 | - |
| | $ 61,113 |

As of March 31,2023 and 2022, the total outstanding borrowings, as discussed above, are as follows:

| | | **2023** | | 2022 |
|---|---|---|---|---|
| | | **Amount** | | Amount |
| **Line of Credit** | | | | |
| Citibank, including accrued interest | **$** | **31,787** | $ | 36,880 |
| Other credit facilities | **$** | **4,300** | $ | 3,957 |
| | **$** | **36,087** | $ | **40,837** |
| **Short term borrowings from related parties** | | | | |
| Tech Mahindra (Americas) Inc. | **$** | **6,000** | $ | 6,439 |
| Tech Mahindra Limited | **$** | **45** | $ | 45 |
| CJS Solutions Group LLC | **$** | **18,981** | $ | 19,981 |
| | **$** | **25,026** | $ | **26,465** |

The Company entered into multiple interest rate swaps agreements with JP Morgan and Citibank to reduce exposure to interest rate fluctuations on its variable rate debt. Upon proper qualifications, these contracts are accounted for as cash flow hedges under current accounting standards and concluded as effective.

All derivative financial instruments are reported at fair value within the consolidated balance sheet. Changes in the fair value of derivative instruments designated as cash flow hedges approximated gain of $ 1,176 and gain of $ 2,387 for the year ended March 31, 2023 and 2022, respectively and are recorded in accumulated other comprehensive income/(loss), a component of shareholder’s equity, to the extent they are effective. Changes in the fair value of derivative instruments designated as cash flow hedges approximated gain of $ Nil and gain of $ 330 for the year ended March 31, 2023 and 2022, respectively and are recorded in profit and loss, a component of shareholder’s equity, to the extent they are ineffective. Based on the criteria established by current accounting standards, all the Company’s cash flow hedge contracts are to be highly effective.

The following tables set forth the fair value of the interest rate swaps contract and its location on the consolidated financial statements.

| **Interest rate swaps** | **March 31, 2023** | March 31, 2022 |
|---|---|---|
| Other non-current assets (maturing after 12 months) | **1,775** | 1,798 |
| Prepaid expenses and other current assets | **1,295** | 96 |
| Other current liabilities | **-** | - |
| Other non-current liabilities (maturing after 12 months) | **-** | - |

**NOTE 7—INCOME TAXES**

As a result of Tech Mahindra Group’s acquisition of the Company in January 2015, the Company had filed its final consolidated federal income tax return which includes all of its US subsidiaries, for year ended December 31, 2014. The Company with all of its subsidiaries and associate became part of Tech Mahindra Group and a subsidiary of Tech Mahindra (Americas), Inc. and accordingly a group consolidated federal income tax return for Tech Mahindra (Americas), Inc. is filed after incorporating the details of the Company including its US subsidiaries, starting with period ended March 31, 2015.

The Company has subsidiaries that file tax returns in several foreign jurisdictions. TMNSI and its subsidiaries also file tax returns in local tax jurisdictions in many of the countries in which they do business. Many of the Company's subsidiaries' tax returns have been examined through various dates. Generally, the Company is currently open to audit under the statute of limitations by the Internal Revenue Service for the years ending March 31, 2019 to March 31, 2022. In addition, the Company is currently open to audit under the statute of limitations in various foreign jurisdictions for the tax years between 2010 and 2022.

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The provision for income taxes for the year ended March 31, 2023 and March 31, 2022 consisted of the following:

| | **March 31, 2023** | March 31, 2022 |
|---|---|---|
| **Current:** | | |
| Federal | **21** | (279) |
| State | **3** | 3 |
| Foreign | **5,496** | 4,355 |
| **Total Current:** | **5,520** | 4,079 |
| **Deferred:** | | |
| Federal | **29** | 16 |
| State | **-** | - |
| Foreign | **(1,002)** | (533) |
| **Total Deferred:** | **(973)** | (517) |
| **Total** | **4,547** | 3,562 |

Deferred income taxes, net includes the following components as of March 31, 2023 and March 31, 2022:

| | **March 31, 2023** | March 31, 2022 |
|---|---|---|
| **Deferred taxes:** | | |
| Gross deferred tax assets | 35,978 | 24,837 |
| Less: valuation allowance | (32,832) | (21,759) |
| Deferred tax assets, net of Valuation Allowance | 3,146 | 3,078 |
| Gross deferred tax liabilities | (2,045) | (2,713) |
| **Net deferred tax assets/(liabilities)** | **1,101** | **365** |

The Company believes that the deferred tax assets are realisable based on the Company's financial results for the year ended March 31, 2023 and March 31, 2022, projected future taxable income and tax planning strategies. The Company's deferred tax assets are primarily comprised of net operating losses of $ 33,211 and $ 22,129 at March 31, 2023 and March 31, 2022 respectively. The Company's deferred tax liabilities are primarily related to intangible assets recorded on the acquisition of Leadcom.

Pursuant to Section 382 of the Internal Revenue Code, the Company underwent an ownership change for tax purposes (i.e., a more than 50% change in stock ownership in aggregated 5% shareholder) as a result of the acquisition by Tech Mahindra (Americas), Inc.

The Company has U.S. operating loss carryforwards of $ 25,295 as of March 31, 2023 which expire beginning in 2029. Entire amount of $ 25,295 will be utilised within the period of Sec 382 limitation. The Company also has $ 83,657 of foreign net operating loss carryforwards, some of which can be carried forward indefinitely, subject to certain restrictions.

Foreign income tax expense is generated from business conducted in countries where the Company has subsidiaries or has established branch offices or has performed significant services that constitute a "permanent establishment" for tax reporting purposes. Foreign income tax also includes withholding tax on projects in countries where the Company does not have a registered presence.

The Company has made no provision for deferred U.S. income taxes or additional foreign taxes on any unremitted earnings of its controlled foreign subsidiaries because the Company considers these earnings to be permanently reinvested.

In determining the income tax valuation allowances, management considers whether it is unlikely that any portion of the deferred tax assets will be realized. Based on the Company's financial results for the year ended March 31, 2023 and March 31, 2022, projected future taxable income and tax planning strategies, the Company decreased its valuation allowance on foreign and domestic net operating loss carry-forwards and other deferred tax assets by $ 991 during the year ended March 31, 2023.

As a subsidiary of Tech Mahindra (Americas), Inc., with whom the Company files consolidated federal and state returns, the Company calculates the provision for income taxes by using a "benefits-for-loss" method. The Company's intercompany tax-related receivable from Tech Mahindra (Americas), Inc. are nil (nil towards deferred tax) and $ 2,826 (nil towards deferred tax) at March 31, 2023 and March 31, 2022 respectively.

**NOTE 8 - LEASES**

The Company is a party to operating and finance lease agreements primarily for office facilities, warehouses, residential premises and vehicles expiring on various dates between 2023 and 2029. Some of the operating leases include one or more options to renew. The exercise of these renewal options is at Company's sole discretion. Renewal options were included in the calculations of the operating lease ROU assets and operating lease liabilities when it is reasonably certain that such options will be exercised.

A. Components of lease costs for the year ended March 31, 2023 included in the Statement of operations are as follows:

| **Particulars** | **March 31, 2023** | **March 31, 2022** |
|---|---|---|
| Operating lease cost | 2,252 | 2,237 |
| **Finance lease cost:** | | |
| Depreciation of right-of-use assets | 116 | 591 |
| Interest on lease liabilities | 9 | 19 |
| Short term lease cost | 1,242 | 2,465 |
| Sub-lease income | (814) | (795) |
| **Total lease cost** | **2,805** | **4,517** |

B. Cash paid for amounts included in measurement of lease liability:

| **Particulars** | **March 31, 2023** | **March 31, 2022** |
|---|---|---|
| Operating cash flow towards finance leases (interest) | 9 | 19 |
| Operating cash flow towards operating leases | 2,320 | 2,218 |
| Financing cash flow towards finance leases | 130 | 777 |
| Right of use assets recognised in exchange for new finance lease liabilities | 89 | 137 |
| Right of use assets recognised in exchange for new operating lease liabilities | 1,393 | 876 |

C. Components of lease assets and liabilities as at March 31, 2023 included in the Balance Sheet are as follows:

| **Particulars – assets** | **March 31, 2023** | **March 31, 2022** |
|---|---|---|
| Operating lease right-of-use assets | 5,814 | 6,744 |
| **Capital leases:** | | |
| Property and equipment, at cost | 2,831 | 4,514 |
| Accumulated depreciation | (2,682) | (4,316) |
| Property and equipment, net | 149 | 198 |

| **Particulars – liabilities** | **March 31, 2023** | **March 31, 2022** |
|---|---|---|
| **Operating lease:** | | |
| Current | 1,981 | 1,939 |
| Non-current | 4,447 | 5,458 |
| **Capital lease:** | | |
| Current | 73 | 114 |
| Non-current | 71 | 62 |

D. Weighted Average Remaining Lease term and Discount Rate:

| Particulars | TMNSI (excluding Leadcom) | Leadcom | Average* |
|---|---|---|---|
| **Weighted-Average Remaining Lease Term:** | | | |
| Operating leases | 5.83 | 3.25 | 4.54 |
| Capital leases | - | 2.03 | 1.02 |
| **Weighted-Average Discount Rate:** | | | |
| Operating leases | 2.43% | 4.63% | 3.53% |
| Finance leases | - | 7.05% | 3.53% |

* Average has been derived by considering weighted average of TMNSI and Leadcom data.

E. The following table provides the schedule of maturities of operating and finance lease liabilities, under the New Lease Standard, as of March 31, 2023:

| Particulars – Operating leases | March 31, 2023 |
|---|---|
| 2023-2024 | 2,008 |
| 2024-2025 | 1,491 |
| 2025-2026 | 1,299 |
| 2026-2027 | 1,300 |
| 2027-2028 | 400 |
| Thereafter | 155 |
| **Total lease payments** | **6,653** |
| Less: Imputed Interest | 225 |
| **Net** | **6,428** |

| Particulars – Finance leases | March 31, 2023 |
|---|---|
| 2023-2024 | 73 |
| 2024-2025 | 71 |
| **Total lease payments** | **144** |
| Less: Imputed Interest | - |
| **Net** | **144** |

**NOTE 9—HEALTH AND RETIREMENT PLANS**

**April 2022 to March 2023**

**Defined contribution plan**

The Company's foreign subsidiaries participate in separate defined contribution retirement plans for which the Group made contributions on behalf of employees amounting to $ 3,640 and $ 2,229 for the year ended March 31, 2023 and 2022, respectively.

The following table sets out the unfunded status of the defined benefit plan.

| | **Year ended March 31, 2023** | Year ended March 31, 2022 |
|---|---|---|
| **Change in the benefit obligation** | | |
| Projected Benefit Obligation ("PBO") at the beginning of the year | **7,930** | 7,738 |
| Service cost | **1,825** | 1,781 |
| Interest cost | **129** | 143 |
| Actuarial loss/(gain) | **(518)** | (210) |
| Benefits paid | **(3,408)** | (1,496) |
| Exchange loss/(gain) | **(89)** | (26) |
| **PBO at the end of the year** | **5,869** | 7,930 |

| Expense recognised in the statement of profit and loss | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---|---|
| Service cost | 1,825 | 1,781 |
| Interest cost | 129 | 143 |
| Actuarial loss/(gain) | (518) | (210) |
| **Total expense** | **1,436** | 1,714 |

The expected benefit payments during the next 10 years are given below:

| Financial Year<br>Expected benefit payments | As at<br>March 31, 2023 |
|---|---|
| 2023-24 | **914** |
| 2024-25 | **555** |
| 2025-26 | **596** |
| 2026-27 | **633** |
| 2027-28 | **648** |
| Thereafter | **3,505** |

The assumptions used to determine net benefit cost were as follows:

| | Year ended March 31,2023 | Year ended March 31,2022 |
|---|---|---|
| Discount rate (p.a.) | 5.1% to 9.5% | 2.8% to 8% |
| Rate of increase in compensation levels | 1.5% to 3% | 1.5% to 3% |

The Group evaluates these assumptions annually based on its long-term plans of growth and industry standards. The discount rates are based on market yields at the end of the reporting period on government bonds.

The Company's US group health benefits are self-insured for claims up to $ 350, per participant per plan year (individual stop loss) under the Tech Mahindra stop loss policy. It carries aggregate reinsurance capped at approximately $ 56,534 for the entire Tech Mahindra population, depending on the number of participants during the year and actual monthly enrollments.

The Company has not developed Ultimate Trend assumptions and therefore has also not developed the rate of change between current and ultimate trend periods.

Characteristics of the Company's non-US health benefits vary by region.

**NOTE 10—SHAREHOLDERS' EQUITY**

As of March 31, 2023, all the outstanding common stock issued by the Company are wholly owned by Tech Mahindra Americas, Inc. The share capital of the Company comprises of one class of equity shares with par value $ 0.50 per share. Each Shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion to the shareholding. The dividend, if proposed by the Board of Directors will be paid in $ and will be subject to approval of the shareholders.

**NOTE 11—RELATED PARTY TRANSACTIONS**

During the year ended March 31, 2023 and 2022, the Company had the following related party transactions with the below mentioned related parties.

1. **List of related parties and relationships (where there are transactions):**

   **Ultimate Holding Company**

   Tech Mahindra Limited

**Holding Company**

Tech Mahindra Americas, Inc.

**Fellow subsidiaries**

Tech Mahindra DE Mexico S DE RL DE CV

Tech Mahindra GmbH

Tech Mahindra Services De Informatica LTDA – Brazil

CJS Solutions Group LLC

Tech Mahindra Nigeria.

**2. Related party transactions**

| Nature of Transaction | Name of Related Party | March, 31 | |
|---|---|---|---|
| | | 2023 | 2022 |
| Interest Expenses | Tech Mahindra Americas, Inc | 16 | 101 |
| | CJS Solutions Group LLC | 374 | 185 |
| Interest Income | Tech Mahindra Americas, Inc | 316 | - |
| Reimbursement towards Services | Tech Mahindra Americas, Inc | - | 1,012 |
| | Tech Mahindra Limited | 206 | 398 |
| Rent Expense | Tech Mahindra Limited | 32 | 79 |
| | Tech Mahindra DE Mexico S DE RL DE CV | 182 | 299 |
| Rent Income | Tech Mahindra Limited | 13 | 14 |
| Revenue from Services | Tech Mahindra Americas, Inc | - | 24 |
| | Tech Mahindra Limited | 19,819 | 16,850 |
| | Tech Mahindra DE Mexico S DE RL DE CV | 11 | 148 |
| Loan taken | Tech Mahindra Americas, Inc | 7,000 | 1,500 |
| | CJS Solutions Group LLC | - | 5,000 |
| Repayment of loan taken | Tech Mahindra Americas, Inc | 7,439 | 2,061 |
| | CJS Solutions Group LLC | 1,000 | 3,019 |
| Subcontractor Expenses | Tech Mahindra Limited | 951 | 2,988 |
| Tax | Tech Mahindra Americas Inc | - | 280 |
| | Tech Mahindra Limited | 426 | 232 |
| | Tech Mahindra DE Mexico S DE RL DE CV | 35 | 61 |

**3. Balances with related parties (as at year-end)**

| Nature of balance | Name of Related Party | March, 31 | |
|---|---|---|---|
| | | 2023 | 2022 |
| Accounts Payable | Tech Mahindra Americas, Inc | 1,150 | 340 |
| | Tech Mahindra Limited | 484 | 7,163 |
| | Tech Mahindra DE Mexico S DE RL DE CV (ROU Liability) | 210 | 489 |
| Trade Receivable | Tech Mahindra Services De Informatica LTDA - Brazil | 3 | 3 |
| | Tech Mahindra Americas Inc | 69 | 2,992 |
| | Tech Mahindra Limited | 6,104 | 6,041 |
| | Tech Mahindra Nigeria | 5 | - |
| | Tech Mahindra DE Mexico S DE RL DE CV | 16 | 43 |

| Nature of balance | Name of Related Party | March, 31 | |
|---|---|---|---|
| | | 2023 | 2022 |
| Loan Payable | Tech Mahindra Americas, Inc | 6,000 | 6,439 |
| | CJS Solutions Group LLC | 18,981 | 19,981 |
| | Tech Mahindra Limited | 45 | 45 |

Refer note 6 for guarantees given by related parties.

**NOTE 12—INVESTMENT IN OTHER ENTITIES**

The Company accounts for the investment in Djazatech using the equity method and recognizes its 49% share of Djazatech's profits and losses. The Company has created provision towards this investment during the year ended March 31, 2018. Further, the Company's share of losses of this associate exceeds its interest in the associate; hence, the Company has discontinued recognizing its share of further losses.

**NOTE 13—COMMITMENTS AND CONTINGENCIES**

**Legal Proceedings**

The Company is a party to various litigation matters and claims that are normal in the course of operations and while the results of such litigation matters and claims cannot be predicted with certainty, the Company believes that it is not reasonably possible that the final outcome of such matters will have a material adverse impact on the consolidated financial position, results of operations or cash flows of the Company.

As per ASC 450 "Contingencies", loss contingencies towards Income tax liability that may arise in respect of matters in appeal as at March 31, 2023 and 2022 is $ 3,169 and $ 3,264 respectively. Guarantees outstanding as at March 31, 2023 and 2022 are $ 14 and $ 14 respectively. Claims not acknowledged as debt as at March 31, 2023 and 2022 are $ 107 and $ 194 respectively.

**NOTE 14—SUBSEQUENT EVENTS**

The Company evaluated its financial statements for subsequent events through June 14, 2023, the date the financial statements were available to be issued. The Company is not aware of any additional subsequent events which would require recognition or disclosure in the financial statements except for the one stated below.

Tech Mahindra Limited and/or its respective affiliates and/or associate companies ("Selling Shareholders) entered into a Non-Binding MOU for sale of agreed securities/ assets of Tech Mahindra Network Services International Inc. Since the non-binding MOU was approved and signed subsequent to the end of the reporting period (viz. 4 April 2023), company has not classified the component involved in the Proposed Transaction as held for sale.

Further, pending conclusion of due diligence and TMNSI Board and other customary statutory and regulatory approvals, it cannot be concluded with full certainty that it is likely that any significant changes to the distribution will be done and hence we believe no disclosures are mandated as per ASC 205-20 discontinued operations.

# TECH MAHINDRA LUXEMBOURG S.A R.L.

**Unaudited financial statements**
**for the year ended 31st March 2023**

**Board of Directors**
Mr. Praveen Singh
Mr. Stephane Julien

**Registered office**
Regus Airport Center, 5 Rue Heienhaff,
(2nd Floor, WING E) L- 1736,
Senningerberg, Luxembourg

**Bankers**
CITIBANK EUROPE PLC

# BALANCE SHEET AS OF 31 MARCH 2023

| Assets | 31 March 2023 [EUR] | 31 March 2022 [EUR] |
|---|---|---|
| **D. Current assets** | | |
| II. Debtors | | |
| 2. Amount owned by affiliated undertakings | | |
| a) becoming due and payable after less than one year | | |
| Intercompany debtors | **101,716** | 78,970 |
| 4. Other Receivables | | |
| a) becoming due and payable after less than one year | | |
| VAT receivable | **32,521** | 17,073 |
| IV. Cash at bank and in hand | | |
| CITI-Luxembourg | **75,240** | 71,146 |
| **TOTAL (ASSETS)** | **209,477** | 167,189 |

| Values in EUR | 31 March 2023 [EUR] | 31 March 2022 [EUR] |
|---|---|---|
| **A. Capital and reserves** | | |
| I. Subscribed Capital | | |
| Share Capital | **12,000** | 12,000 |
| IV. Statutory reserve | **5,421** | 3,681 |
| V. Results brought forward | **69,942** | 22,250 |
| VI. Result for the financial year | **33,055** | 47,692 |
| **B. Provisions** | | |
| 1. Provision for pension and similar obligation | | |
| Provision for leave encashment | **13,365** | 12,042 |
| Provision for Salaries Onsite | **3,149** | 3,027 |
| 2. Provision for taxation | | |
| Provision for tax | **24,497** | 10,986 |
| **C. Creditors** | | |
| 4. Amount due to trade creditors | | |
| a) becoming due and payable after less than one year | | |
| Trade creditors | **34,001** | 39,541 |
| 8. Other creditors | | |
| a) Tax authorities | | |
| Withholding tax on wages and salaries | **-630** | -630 |
| b) Social security debts | | |
| Social Security office (CCSS) | **-** | - |
| c) Other creditors | | |
| Employee Insurance Payable | **14,677** | 16,601 |
| **TOTAL (CAPITAL, RESERVES AND LIABILITIES)** | **209,477** | 167,189 |

**Praveen SINGH**
Director

**Stephane Julien**
Director

Date : 07 June 2023
Place : Luxembourg

# PROFIT AND LOSS ACCOUNT

**For the period ended 31 March 2023**

| | 31 March 2023 [EUR] | 31 March 2022 [EUR] |
|---|---|---|
| **1. Net turnover** | | |
| Sales Exports - Onsite | | |
| Intercompany Revenue | **1,015,845** | 1,279,404 |
| **5. Raw materials and consumables and other external expenses** | **-118,631** | -123,906 |
| b) Other external charges | **-118,631** | -123,906 |
| Professional Chgs - Agency | **-20,274** | -28,256 |
| Travelling Costs | **-14,246** | -4,892 |
| Rent-Office Premises | **-74,618** | -80,755 |
| Utilities - Office | **-3,692** | -3,113 |
| Telecommunication costs | **-5,741** | -6,288 |
| Other miscellaneous external charges | **-60** | -602 |
| **6. Staff costs** | **-847,744** | -1,092,665 |
| a) Wages and salaries | **-753,820** | -979,997 |
| Base wages | **-368,521** | -468,730 |
| Leave Encashment | **-1,323** | -11,406 |
| Incentive | **-29,679** | -153,918 |
| Other Incentive & Bonus Onsite | **-56,183** | -51,311 |
| Onsite payroll other expenses | | - |
| Special allowance | **-298,114** | -294,633 |
| b) Social security costs | **-87,001** | -104,376 |
| ii) other social security costs | | |
| Other social security costs | **-87,001** | -104,376 |
| c) Other staff costs | **-6,923** | -8,292 |
| Other staff f expenses not mentioned above | **-6,923** | -8,292 |
| **14. Interest payable and similar charges** | **-1,097** | -1,912 |
| b) other interest and similar charges | **-1,097** | -1,912 |
| Other financial charges - other | **-1,097** | -1,912 |
| **16. Profit or loss after taxation** | **48,373** | 60,922 |
| **17. Other taxes not shown under items 1 to 16** | **-13,578** | -10,720 |
| Other taxes | **-13,578** | -10,720 |
| **18. Profit or loss for the financial year** | **34,795** | 50,202 |
| Transferred to other equity | **1,740** | 2,510 |
| Transferred to statutory reserve | **33,055** | 47,692 |
| Profit and loss account | **34,795** | 50,202 |

**Praveen SINGH**
Director

**Stephane Julien**
Director

Date : 07 June 2023
Place : Luxembourg

# ANNEX OF ANNUAL ACCOUNTS MARCH 31ST 2023

## GENERAL

### Financial year

The company TECH MAHINDRA LUXEMBOURG SARL (R.CS B244350) was incorporated on May 27th, 2020 for an unlimited period, as Limited company. The registered office of the company is established in 27, rue de Luxembourg - 8077 Bertrange.

The company has the purpose of the Expansion of IT services and solutions.

The Company's financial year begins on the April 1st and closes on the March 31th.

According to the article n° 313 of the law modified of August 10th, 1915 on trading companies, the company is exempted to establish the consolidated accounts.

## GENERAL PRINCIPLES

The annual accounts of the Company are drawn up in conformity with the Luxembourg legal and regulatory requirements and according to generally accepted accounting principles applicable in Luxembourg.

### Note 01 Main rules of evaluation

Foreign currency translation

The Company maintains its accounts in Euro (EUR); the balance sheet and the account of profits and losses are expressed in this currency.

At the closing date of the balance sheet:

- Formation expenses as well as intangible, tangible and financial fixed assets expressed in another currency than the currency of the balance sheet are translated at the historical foreign exchange rate;

- Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date.

The unrealized exchanges losses are recorded in the profit and loss account. The realized exchange gains are recorded in the profit and loss account at the moment of their realization. Consequently, only realized exchange gains and losses and unrealized exchange losses are reflected in the profit and loss accounts.

### Formation expenses

The formation expenses are taken in charge immediately or amortized on a linear basis over a period of 5 years.

### Intangible assets

Intangible assets are accounted in their acquisition price, deduction made by the corrections values.

The corrections values are calculated in a linear way on basis of their estimated useful life's.

### Tangible assets

The tangible assets are accounted in their acquisition price, deduction made by the corrections values.

The corrections values are calculated in a linear way on basis of their estimated useful life's.

### Financial fixed assets

Participations in affiliated companies as well as participations and securities characterized as fixed assets are valued individually at the lower of acquisition cost or market value.

The determination of the market value is based on the financial statements of the companies to be valued and/or on other available information and documents.

Receivables itemized as financial fixed assets are valued at face value. A value adjustment is carried out whenever the estimated realizable value is lower than the face value.

**Accounts receivable**

Accounts receivable are valued at their nominal value. A value adjustment is carried out whenever the estimated realizable value is lower than the nominal value.

**Stocks**

The raw and consumable are estimated at the lowest acquisition price determined according to the method average prices.

Products in progress of manufacturing and finished products are estimated at the cost price which includes (according to the art. 61 (2)) the purchase price of the raw and consumable, the direct costs of production, as well as a share of the indirect expenses. A value adjustment is applied when the estimated value of realization is lower than the cost price.

**Marketable securities**

The acquisition cost of marketable securities is determined on basis of the method average prices (or FIFO or LIFO or similar method). A value adjustment is applied when the estimated value of realization is lower than the acquisition cost.

**Provisions for risks and charges**

Provisions shall be made at year end for the purpose of covering all and any foreseeable risk and expense. Provisions relating to previous years shall be received on a regular basis and taken into result when becoming without purpose.

**The immune capital gains**

The immune capital gains are accounted for their difference between the value of realization of fixed assets and the accounting net value. The capital gains are deducted from the purchase price of fixed assets acquired in re-use.

**Subsidies of investment**

The subsidies of investment are accounted as soon as the company considers, in best of its knowledge, their probable or unquestionable obtaining.

They are accounted under deduction of the deferred taxes.

**Amount net turnover**

Net amount of the turnover includes amounts resulting from the sale of products and from the service corresponding to the common activities of the company, the deduction made by reductions on sales, as well as by value-added tax and the others taxes were directly connected to the turnover.

**Note 02 Receivables resulting from sales and services – Receivables connected companies – Receivables on companies with which the company has a link of participation – Others Receivables**

| | **March 2023** | March 2022 |
|---|---|---|
| | **EUR** | EUR |
| Receivables from Sales and services | **-** | - |
| Receivables connected companies | **101,716** | 78,970 |
| Other receivables | **-** | - |
| **Total** | **101,716** | 78,970 |

# TECH MAHINDRA (SINGAPORE) PTE. LIMITED

**Board of Directors**
Mr. Manish Goenka
Mr. Ayush Keshan (Up to November 1, 2022)
Mr. Hrishikesh Mahesh Pandit
Mr. Sudhir Dhar (Effective February 24, 2023)

**Registered Office**
1 CHANGI
BUSINESS PARK
CRESCENT #04 -
04 PLAZA 8 @
CBP SINGAPORE
486025

**Bankers**
HSBC Bank

**Auditors**
KNAV SERVICES LLP

# DIRECTORS' STATEMENT

The directors present their statement to the members of Tech Mahindra (Singapore) Pte. Limited (the "Company") together with the audited financial statements of the Company for the financial year ended 31 March 2023.

**1 Opinion of the directors**

In the opinion of the directors,

(a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2023, the financial performance, changes in equity and cash flows of the Company for the financial year then endedin accordance with the provisions of the Singapore Companies Act, 1967 and Singapore Financial Reporting Standards, and

(b) at the date of this statement, with continuing financial support from ultimate holding company, there are reasonable grounds to believe that the Company will be ableto pay its debts as and when they fall due.

**2 Directors**

The directors in office at the date of this statement are as follows:

Hrishikesh Mahesh Pandit

Manish Goenka

Dhar Sudhir (Appointed on 24 February 2023)

**3 Arrangements to enable directors to acquire shares and debentures**

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or oneof the objects was, to enablethe directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraph 4 below.

**4 Directors' interests in shares and debentures**

The directors of the Company holding office at the end of the financial year had no interest in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as disclosed below:

| Name of director and corporation in which interests are held | At beginning of the year or date of appointment | At end of the year |
|---|---|---|
| Ultimate holding company | | |
| Tech Mahindra Limited | | |
| (Ordinary shares of Indian Rupees 5 each) | | |
| Hrishikesh Mahesh Pandit | 1,333 | 2,466 |
| Manish Goenka | 2,250 | 5,250 |
| Dhar Sudhir | - | 18,456 |
| Share options to subscribe for ordinary shares | | |
| Manish Goenka | 33,750 | 30,750 |
| Hrishikesh Mahesh Pandit | 3,900 | 2,100 |
| Dhar Sudhir | | 39,500 |

**DIRECTORS' STATEMENT**

**5 Share options**

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

**6 Auditors**

The auditors, KNAV Services LLP, have expressed their willingness to accept re -appointment.

On behalf of the board of directors,

| | |
|---|---|
| **Manish Goenka** | **Dhar Sudhir** |
| Director | Director |

Date: 16 June 2023

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF TECH MAHINDRA (SINGAPORE) PTE. LIMITED

**FOR FINANCIAL YEAR ENDED 31 MARCH 2023**

### Report on the Audit of Financial Statements

### Opinion

We have audited the financial statements of Tech Mahindra (Singapore) Pte. Limited (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the f inancial year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2023 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilledour other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other matter

The financial statements of the Company for the year ended 31 March 2022 were auditedby another auditor who expressed an unmodified opinion on those financial statements on 1 December 2022.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the Directors' Statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 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 on the other information that we obtained prior to the date of this report, 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 Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible f or 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 directors' responsibilities include overseeing the Company's financial reporting process.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF TECH MAHINDRA (SINGAPORE) PTE. LIMITED

**FOR FINANCIAL YEAR ENDED 31 MARCH 2023**

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether dueto 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 guarante e that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basi s 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, but not for the purpose of expressing an opinion on the effectiveness of the Compagny's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may causethe Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**KNAV SERVICES LLP**

Public Accountants and

Chartered Accountants

Singapore

Date: 16 June 2023

# STATEMENT OF FINANCIAL POSITION

**As at 31 March 2023**

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | **$** | $ |
| **Assets** | | | |
| Plant and equipment | 4 | **377,486** | 3,096 |
| Intangible assets | 5 | **-** | – |
| Investments in subsidiaries | 6 | **187,340,684** | 189,138,778 |
| Deferred tax assets | 7 | **150,194** | 55,456 |
| **Total non-current assets** | | **187,868,364** | **189,197,330** |
| Trade receivables | 8 | **2,588,130** | 661,561 |
| Other receivables and prepayments | 9 | **5,212,781** | 2,990,373 |
| Cash and bank balances | 10 | **8,420,821** | 2,810,012 |
| **Total current assets** | | **16,221,732** | **6,461,946** |
| **Total assets** | | **204,090,096** | **195,659,276** |
| **Equity** | | | |
| Share capital | 11 | **184,061,337** | 181,061,337 |
| Accumulated profits | | **12,658,627** | 11,224,474 |
| Merger reserves | 11 | **386,753** | - |
| **Total equity** | | **197,106,717** | **192,285,811** |
| **Non-current liability** | | | |
| Other payables | 12 | **1,561,000** | 1,598,715 |
| **Current liabilities** | | | |
| Trade payables | 14 | **1,504,701** | 214,845 |
| Other payables | 12 | **3,066,128** | 1,266,065 |
| Provisions | 13 | **463,031** | 241,870 |
| Lease liability | 15 | **377,488** | |
| Income tax payables | 16 | **11,031** | 51,970 |
| **Total Current liabilities** | | **5,422,379** | **1,774,750** |
| **Total liabilities** | | **6,983,379** | **3,373,465** |
| **Total equity and liabilities** | | **204,090,096** | **195,659,276** |

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | **$** | **$** |
| Revenue | 17 | **7,808,299** | 4,733,874 |
| Other operating income | | **629,962** | 4,945,161 |
| Employee benefits expense | | **(5,329,731)** | (3,628,221) |
| Depreciation expense | 4 | **(169,968)** | (7,893) |
| Finance cost | | **(4,448)** | (186) |
| Other operating expenses | | **(1,650,653)** | (890,735) |
| Fair value gain /(loss) on earnout consideration | 6 | **-** | 6,091,127 |
| **Profit/(Loss) before tax** | 18 | **1,283,461** | **11,243,127** |
| Tax charge | 19 | **(264,801)** | (979,714) |
| **Profit/(loss) for the year/Total comprehensive profit for the year** | | **1,018,660** | **10,263,413** |

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

# STATEMENT OF CHANGES IN EQUITY

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

| | Share capital | Accumulated profits | Merger reserves | Total |
|---|---|---|---|---|
| | $ | $ | | $ |
| **At 1 April 2021** | 150,248,087 | 961,061 | | 151,209,148 |
| Profit for the year, representing total comprehensive income for the year | | 10,263,413 | | 10,263,413 |
| **Transactions with owners, recognised directly in equity** | | | | |
| Contributions by and distributions to owners | | | | |
| Issuance of share capital (note 11) | 30,813,250 | | | 30,813,250 |
| **At 31 March 2022** | **181,061,337** | **11,224,474** | | **192,285,811** |
| Profit for the year, representing total comprehensive income for the year | | 1,018,660 | | 1,018,660 |
| **Transactions with owner, recognised directly in equity** | | | | |
| Contributions by and distributions to owner | | | | |
| Issuance of share capital (note 11) | 3,000,000 | | | 3,000,000 |
| Reserves migrated from Tech Mahindra Products Pte Ltd (Note 6) | | 952,728 | | 952,728 |
| Reserves migrated from Comviva Technologies Singapore Pte Ltd (Note 6) | | (537,235) | | (537,235) |
| Capital reserve on migration- Tech Mahindra Products Pte Ltd (Note 6) | | | (139,247) | (139,247) |
| Capital reserve on migration- Comviva Technologies Singapore Pte Ltd (Note 6) | | | 526,000 | 526,000 |
| **At 31 March 2023** | **184,061,337** | **12,658,627** | **386,753** | **197,106,717** |

The accompanying notes form an integral part of and should be read in conjunction with these financial statements

# STATEMENT OF CASH FLOWS

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | **$** | $ |
| Cash flows from operating activities | | | |
| Profit before tax | | **1,283,461** | 11,243,127 |
| Adjustments for: | | | |
| Depreciation expense | 4 | **169,968** | 7,893 |
| Finance cost | | **4,448** | 186 |
| (Reversal)/Allowance for impairment on trade receivables (net) | 8 | **(7,136)** | 90,817 |
| Interest income | | **(10,867)** | (43,847) |
| Balances written off | | **(213,959)** | 0 |
| Fair value gain on earnout consideration | | **-** | (6,091,127) |
| Reversal of allowance for impairment on loan to a related Company | | **-** | (4,821,133) |
| | | **1,225,915** | 385,916 |
| Changes in: | | | |
| - trade receivables | | **167,089** | (268,823) |
| - other receivables and prepayments | | **(1,162,277)** | 658,288 |
| - contract assets | | **-** | 17,700 |
| - trade payables | | **1,286,962** | (2,095,950) |
| - other payables | | **1,970,239** | 25,555 |
| - provisions | | **(164,381)** | (9,689) |
| **Cash generated from/(used in) operations** | | **3,323,547** | (1,287,003) |
| Tax paid | | **(40,939)** | 250,259 |
| Interest paid | | **-** | (186) |
| **Net cash used in operating activities** | | **3,282,608** | (1,036,930) |
| **Cash flows from investing activities** | | | |
| Proceeds of loan from a related company | | **1,993,798** | 4,821,133 |
| Interest received from loan to a related party | | **10,867** | 43,847 |
| Net cash inflows from merger of subsidiaries | | **1,339,067** | |
| Purchase of plant and equipment | 4 | **(3,200)** | |
| Payments of loan to a related party | | **-** | (1,993,798) |
| Margin money paid for bank guarantee | | **-** | - |
| Acquisition and contingent consideration paid in subsidiaries | A | **(3,842,842)** | (30,394,943) |
| **Net cash used in investing activities** | | **(502,310)** | (27,523,761) |
| **Cash flow from financing activities** | | | |
| Proceeds from issuance of share capital | 11 | **3,000,000** | 30,813,250 |
| Increase in time deposit pledged | | **(1,012,914)** | - |
| Repayment of lease liabilty | | **(165,041)** | - |
| Interest paid | | **(4,448)** | - |
| **Net cash from financing activities** | | **1,817,597** | 30,813,250 |
| **Net decrease in cash and cash equivalents** | | **4,597,895** | 2,252,559 |
| Cash and cash equivalents at beginning of year | | **2,810,012** | 557,453 |
| **Cash and cash equivalents at end of year** | 10 | **7,407,907** | 2,810,012 |

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

**Note A:**

The cash outflow on Company's acquisition and contingent consideration paid in subsidiaries during the financial year comprised:

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | **$** | $ |
| Acquisition of Born Group Pte Ltd | 6(a) | **2,952,333** | 17,401,173 |
| Contingent consideration paid for Tenzing Limited | 6(b) | **-** | 1,218,211 |
| Contingent consideration paid for Tech Mahindra Digital Pty Ltd. (Formerly known as Momenton Pty Ltd.) | 6(c) | **890,509** | 2,698,321 |
| Acquisition of Comviva Technologies Singapore Pte Limited. | 6(d) | **-** | 35,000 |
| Acquisition of Tech Mahindra Products Services Singapore Pte. Limited | 6(e ) | **-** | 4,720,155 |
| Acquisition of Geomatic.ai Pty Limited | 6(f) | **-** | 4,322,083 |
| **Consideration settled in cash, representing cash outflow on acquisition** | | **3,842,842** | 30,394,943 |

**Reconciliation of liability arising from financing activities**

| | | | Non-cash movement | | |
|---|---|---|---|---|---|
| | **1 April** | **Financing cash inflows/ (outflows)** | **Addition** | **Interest expense** | **31 March** |
| | **S$** | **S$** | | **S$** | **S$** |
| **2023** | | | | | |
| **Liability** | | | | | |
| Lease liability | **-** | **(169,489)** | **542,529** | **4,448** | **377,488** |

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1 Domicile and activities

Tech Mahindra (Singapore) Pte. Limited ('the Company') is incorporated in the Republic of Singapore.The address of the Company's registered office is 1 Changi Business Park Crescent, #04- 04 Plaza 8 @ CBP, Singapore 486025.

The principal activities of the Company are investment holding, providing consultancy and services relating to information technology and development of software solutions and products.

The Company is a wholly owned subsidiary of Tech Mahindra Limited, incorporated in India, which is also the ultimate holding company.

The financial statements of the Company for the financial year ended 31 March 2023 were authorised for issue in accordance with a resolution of the directors as at date of the Director 's Statement.

## 2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ('FRS').

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRS requires management to make 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Note 6 - measurement of recoverable amounts of investment in subsidiaries;
- Note 8 and 9 - measurement of expected credit loss (ECL) allowance for trade receivables : key assumptions in determining the weighted-average loss rate;
- Note 13 - measurement of provision for unutilised leave.

**Measurement of fair values**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

**2 Basis of preparation (Continued)**

2.4 Use of estimates and judgements (Continued)

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in 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 asset or liability that are not based on observable market data (unobservable inputs).

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 (with Level 3 being the lowest).

2.5 Changes in accounting policies

In the current financial year, the Company has adopted all the new and revi sed FRS and INT FRS that are relevant to its operations and effective for the annual periods beginning on or after 1 April 2022. The adoption of these new or revised FRS and INT FRS did not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

**3 Significant accounting policies**

The accounting policies set out below have beenapplied consistently to all periods presented in these financial statements.

3.1 Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated inforeign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at th e end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that a re measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss.

3.2 Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses. Cost includes any contingent consideration payable. Contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. Subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Consolidated financial statements for the Company and its subsidiaries have not been prepared as the Company is itself a wholly-owned subsidiary of Tech Mahindra Limited, which publishes consolidated financial statements which are available for public use. The registered address of Tech Mahindra Limited is Gateway Building, Apollo Bunder, Mumbai 400001.

3.3 Merger accounting for business combination

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses a re consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase.

**3 Significant accounting policies (Continued)**

3.3 Merger accounting for business combination (Continued)

The merger has been accounted for with a prospective approach with no restatement of periods prior to the business combination under common control.

The financial information in the financial statements is not restated for periods prior to the business combination under common control. The receiving entity accounts for the combination prospectively from the date on which it occurred.

3.4 Financial instruments

**(i) Recognition and initial measurement**

**Non-derivative financial assets and financial liabilities**

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**(ii) Classification and subsequent measurement**

**Non-derivative financial assets**

On initial recognition, a financial asset is classified as measured at: amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

**Financial assets at amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flowsthat are solely payments of principal and interest on the principal amount outstanding.

**Financial assets: Business model assessment**

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

**Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**Non-derivative financial assets: Subsequent measurement and gains and losses**

**Financial assets at amortised cost**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

**(iii) Derecognition**

**Financial assets**

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Company neither transfers nor retains substantiallyall of the risks and rewards of ownership and it does not retain control of the financial asset.

**Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

**(iv) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**3 Significant accounting policies (Continued)**

**(v) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

**(vi) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.5 Plant and equipment

**(i) Recognition and measurement**

Items of plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purc hased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major com ponents) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

**(ii) Subsequent costs**

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

**(iii) Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed andif a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset. Land is not depreciated.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

- Equipment 3 years
- Leasehold improvementsOver the remaining term of lease period

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The estimated useful life has been taken as follows:

- Software 5 years



Intangible assets are amortised over the estimated useful lives and assessed for impairment whenever there is an

**3 Significant accounting policies (Continued)**

3.6 Intangible assets (Continued)

indication that the intangible asset may be impaired. The amortisation period and the amortisation methodare reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

3.7 Impairment

**(i) Non-derivative financial assets and contract assets**

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised costs; and
- contract assets (as defined in FRS 115).

Loss allowances of the Company are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

**Simplified approach**

The Company applies the simplified approach to provide for ECLs for all trade receivables (including lease receivables) and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

**General approach**

The Company applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12 -month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantlysince initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12 -month ECLs.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 365 days past due.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Company. A financial asset is written off whenthere is no reasonable expectation of recovering the contractual cash flows.

The Company considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

**3 Significant accounting policies (Continued)**

3.7 Impairment (Continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

**Measurement of ECLs**

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

**Credit-impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

**Presentation of allowance for ECLs in the statement of financial position**

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

**Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**(ii) Non-financial assets**

The carrying amounts of the Company's non-financial assets other than deferred tax assets and contract assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash -generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairm ent loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

**3 Significant accounting policies (Continued)**

3.8 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. Provisions are determined by discounting the expected future cash flows 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.

3.9 Revenue

**Rendering of services**

Revenue from rendering of services in the ordinary course of business is recognised when the Company satisfies a performance obligation(“PO”) by transferring control of a promised service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand -alone selling prices of the promised services. The individual standalone selling price of a service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those POs.

The transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant fin ancing component. Consideration payable to a customer is deducted from the transaction price if the Company does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over tim e following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

Principal and Agent Relationship

The Company has a back-to-back revenue arrangement with its holding company to provide specified services to customers of the holding company. Under the terms of the arrangement, the holding company acts as the principal and is wholly responsible for providing the specified services to the end customer. To satisfy its performance obligation to the end customer, the holding company engages the Company as a sub-contractor provide services on its behalf. In addition, billings are made to the end customer by the Company on behalf of the holding company. The holding company subsequently recharges the Company for these billings. The Company is acting as an agent and recognises such billings made to third parties on a net basis in the statement of profit or loss.

The Company recognises revenue when its performance obligations to its holding company, to provide the specified service to the end customer is fulfilled (Note 17).

3.10 Finance cost

Finance costs comprise interest expense on borrowings.

3.11 Employment benefits

**(i) Defined contribution plans**

Payments to defined contribution plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to defined contribution plans, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans.

**(ii) Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised 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 o bligation can be estimated reliably.

**(iii) Unutilised leave benefits**

The Company provides for unutilised leave benefits subject to Company's rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or utilisation. The liability is accrued based on the number of days of unutilised leave at each balance sheet date. It is measured at the balance sheet date on the basis of an independent actuarial valuation using the Projected Unit Credit method. Actuarial gains and losses are recognised in full in the statement of profit and loss in the period in which they occur.

3.12 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty relate d to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The measurement of deferred taxes reflects the tax consequences that would follow 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 is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

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 taxes levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer pro bable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will beavailable against which they can be used.

3.13 Government grants

A conditional grant related to staff costs is recognised in profit or loss as a deduction of staff costs. Grants for expenses are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received, and the Company will comply with the conditions associated with the grant. Grants that compensate the Company for expenses incurred are recognised in profit or loss as a deduction against expenses on a systematic basis in the same periods in which the expenses are recognised.

## 3 Significant accounting policies (Continued)

3.14 New standards and interpretations not yet adopted

At the date of authorisation of these financial statements, the following FRS, INT FRS and amendments to FRS were issued but not yet effective:

| | | Effective date (annual periods beginning on or after) |
|---|---|---|
| FRS 1 | Amendments to FRS 1: Classification of Liabilities as Current or Non-current | 1 January 2024 |
| FRS 8 | Amendments to FRS 8: Definition of Accounting Estimates | 1 January 2023 |
| FRS 12, | Amendments to FRS 12: Deferred Tax related to Assets and | 1 January 2023 |
| FRS 101 | Liabilities arising from a Single Transactions | |
| FRS 110, | Amendments to FRS 110 and FRS 28: Sale or Contribution | To be |
| FRS 28 | of Assets between an Investor and its Associate or Joint Venture | determined |
| FRS 116 | Amendments to FRS 16: Lease Liability in a Sale and Leaseback | 1 January 2024 |
| FRS 117 | Insurance Contracts | 1 January 2023 |
| Various | Amendments to FRS 117 | 1 January 2023 |
| Various | Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies | 1 January 2023 |
| Various | Amendments to FRS 1: Non-current Liabilities with Covenants | 1 January 2024 |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

## 4 Plant and equipment

| | Equipment | Leasehold improvements | Right-of-use asset | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Cost** | | | | |
| At 1 April 2021 | 519,880 | 236,032 | - | 755,912 |
| Additions | - | - | - | - |
| Derecognition of lease | - | (236,032) | - | (236,032) |
| At 31 March 2022 | **519,880** | **-** | **-** | **519,880** |
| Additions | 3,200 | - | | 3,200 |
| Migrated from Tech Mahindra Products Singapore Pte Ltd. (Note 6) | 1,006,416 | - | 624,403 | 1,630,819 |
| **At 31 March 2023** | **1,529,496** | **-** | **624,403** | **2,153,899** |
| **Accumulated depreciation** | | | | |
| At 1 April 2021 | 508,891 | 236,032 | - | 744,923 |
| Depreciation for the year | 7,893 | - | - | 7,893 |
| Derecognition of lease | - | (236,032) | - | (236,032) |
| At 31 March 2022 | 516,784 | - | - | 516,784 |
| Depreciation for the year | 3,461 | - | 166,507 | 169,968 |
| Migrated from Tech Mahindra Products Singapore Pte Ltd. (Note 6) | 1,006,407 | - | 83,254 | 1,089,661 |
| **At 31 March 2023** | **1,526,652** | **-** | **249,761** | **1,776,413** |
| **Carrying amounts** | | | | |
| At 31 March 2023 | 2,844 | - | 374,642 | 377,486 |
| At 31 March 2022 | 3,096 | - | - | 3,096 |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

## 5 Intangible assets

| | Software |
|---|---|
| | $ |
| **Cost** | |
| At 1 April 2021, 31 March 2022 and 31 March 2023 | 1,605,978 |
| **Accumulated amortisation** | |
| At 1 April 2021, 31 March 2022 and 31 March 2023 | 1,605,978 |
| **Carrying amounts** | |
| At 1 April 2021, 31 March 2022 and 31 March 2023 | - |

## 6 Investments in subsidiaries

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| **Unquoted, equity investments at cost** | | |
| At beginning of year | **189,138,778** | 161,235,025 |
| Addition during the year | **2,957,061** | 27,903,753 |
| Derecognition on merger of Tech Mahindra Products Services Singapore Pte. Limited | **(4,720,155)** | - |
| Derecognition on merger of Comviva Technologies Singapore Pte Limited | **(35,000)** | - |
| At end of year | **187,340,684** | 189,138,778 |

The details of subsidiary are as follows:

| Name of company | Principal activities | Country of incorporation | Effective equity held by the Company | |
|---|---|---|---|---|
| | | | 2023 | 2022 |
| | | | % | % |
| Born Group Pte Ltd (Note a) | Content production and commerce solutions services | Singapore | 100 | 100 |
| Tenzing Limited (Note b) | Management consulting, digital transformation & technology services | New Zealand | 100 | 100 |
| Tech Mahindra Digital Pty Ltd.(Formerly known as Momenton Pty Ltd.) (Note c) | Digital technology services | Australia | 100 | 100 |
| Geomatic.ai Pty Limited (Note f) | Geospatial business and provide data capture services | Australia | 80 | 80 |

The details of subsidiary amalgamated during the year are as follows:

| Name of company | Principal activities | Country of incorporation | Effective equity held by the Company | |
|---|---|---|---|---|
| | | | 2023 | 2022 |
| | | | % | % |
| Comviva Technologies Singapore Pte Limited. (Note d) | Provide solutions for telecommunication & network | Singapore | - | 100 |
| Tech Mahindra Products Services Singapore Pte. Limited (Note e) | Holding of investments & provision of consultancy services | Singapore | - | 100 |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

**6 Investments in subsidiaries (Continued)**

| | Recognised in Investment in Subsidiaries | Recognised in Consideration payable (Note 12) | Recognised in Statement of profit or loss and other comprehensive income | Total cash outflow |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| As at 1 April 2021 | 161,235,025 | 11,029,100 | - | - |
| Born Group Pte Ltd (a) | 17,401,173 | - | - | 17,401,173 |
| Tenzing Limited (b) | - | (11,029,100) | 9,810,889 | 1,218,211 |
| Tech Mahindra Digital Pty Ltd. | - | | | |
| (Formerly known as Momenton Pty Ltd.) (c) | - | 1,021,441 | (3,719,762) | 2,698,321 |
| Comviva Technologies Singapore Pte Limited (d) | 35,000 | - | - | 35,000 |
| Tech Mahindra Products Services Singapore Pte. Limited (e) | 4,720,155 | - | - | 4,720,155 |
| Geomatic.ai Pty Limited (f) | 5,747,425 | 1,425,342 | - | 4,322,083 |
| | 27,903,753 | (8,582,317) | 6,091,127 | 30,394,943 |
| As at 31 March 2022 | 189,138,778 | 2,446,783 | | |
| Born Group Pte Ltd (a) | 2,957,061 | - | - | 2,957,061 |
| Tech Mahindra Digital Pty Ltd (Formerly known as Momenton Pty Ltd) (c) | - | (890,509) | - | 890,509 |
| Amalgamation of Tech Mahindra Products Services Singapore Pte. Limited | (4,720,155) | - | - | - |
| Amalgamation of Comviva Technologies Singapore Pte Limited (d) | (35,000) | - | - | - |
| | (1,798,094) | (890,509) | - | 3,842,842 |
| **As at 31 March 2023** | 187,340,684 | 1,561,000 | - | - |

**(a) Additional subscription of ordinary shares of Born Group Pte Ltd**

During the financial year ended 31 March 2022, the Company subscribed to an additional 12,850,000 ordinary shares of the Born Group for US$1 per share. The total consideration paid for the additional shares subscribed was US$12,850,000 (approximately $17,401,173).

During the current financial year, the Company paid total amounting GBP1,800,000 (approximately S$2,952,333) for additional investment against which shares are yet to be allotted.

**(b) Acquisition of Tenzing Limited**

The Company acquired 100% stake in Tenzing Limited (“Tenzing Group”) on 23 October 2020. Tenzing Group is based in New Zealand and is in the business of technology consulting. Tenzing Group was acquired for consideration of NZ$41,573,536 (approximately $39,328,258).

Consideration transferred for the acquisition of Tenzing Group

| | 2021 |
|---|---|
| | $ |
| Total consideration for 100% equity interest acquired | 39,328,258 |
| Less: Contingent consideration recognised as at acquisition date (Note 12) | (11,029,100) |
| Consideration settled in cash, representing cash outflow on acquisition | 28,299,158 |

Contingent consideration arrangem ent

As part of the acquisition agreement with the previous shareholders of Tenzing Group, additionalcash payments shall be payable to the previous shareholders of Tenzing Group based on certain audited financial metrics of Tenzing Group for the financial years ended/ending between 31 March 2021 to 31 March 2023.

As at 31 March 2022, Tenzing's actual financial performance for the year ended 31 March 2021 and 31 March 2022 had not met the earnings target and it is not probable that the earnings target for the year ending 31 March 2023 will beachieved. Accordingly, the fair value of the contingent consideration was assessed to be $Nil. The fair value change of $11,029,100 was recognised in the statement of profit or loss.

As part of the acquisition agreement with the previous shareholders of Tenzing Group, a realised tax benefit has been agreed in which additional cash payments shall be payable to the previous shareholders should the acquiree achieved tax savings as a result of the acquisition in the year of acquisition. As of 31 March 2022, the acquiree has achieved the tax savings. The total payable sum has been finalised and the Company has madepayment of NZ$1,616,355 (approximately $1,453,465) to the previous shareholders and has been recognised in the statement of profit or loss.

Finalisation of cash consideration settlem ent

The purchase cash consideration has been finalised in 31 March 2022. The amount of NZ$257,452 (approximately $235,254) has been recognised in the statement of profit or loss as income for the difference between finalised cash consideration less initial cash consideration paid.

During the financial year ended 31 March 2023 the Company has made a provision for contingent consideration amounting NZ$ 1,471,425 equivalent S$ 1,220,290 and same has been reversed during the year due to non-attainment of the target.

**(c) Acquisition of Tech Mahindra Digital Pty Ltd. (Formerly known as Momenton Pty Ltd.)**

The Company acquired Tech Mahindra Digital Pty Ltd. (Formerly known as Momenton Pty Ltd.) (Momenton Group) on 23 October 2020. Momenton Group is based in Australia and is in the business of digital enterprise technology. It was acquired for consideration of AU$9,005,507 (approximately $9,273,290).

As part of the acquisition agreement with the previous shareholders of Momenton Group, additional cash payments shall be payable to the previous shareholders of Momenton Group based on the certain audited financial metrics of Momenton Group for the financial years ended between 31 March 2021 to 31 March 2023.

In 2022, the fair value of contingent consideration was determined to be AU$3,323,917 (approximately $3,215,931) and the fair value changes were recognised in the statement of profit andloss. Momenton Group's actual financial performanceexceeded the earnings target for the year ended 31 March 2021 and a consideration amounting to AU$2,275,512 (approximately $2,194,490) was paid to previous shareholders of Momenton Group.

Finalisation of cash consideration

The purchase cash consideration has been finalised in 31 March 2022. Amount of AU$ 513,000 (approximately S$503,831) was recognised in the statement of profit or loss as differences between finalised cash consideration less initial cash consideration paid.

During the financial year year ended 31 March 2023, the Company has paidan earnout consideration amounting AU$ 927,169 (approximately S$890,509 ).

During the financial year ended 31 March 2023 the Company has made a provision for contingent consideration amounting AU$ 166,126 equivalent S$ 151,297 and same has been reversed during the year due to non-attainment of the target.

**(d) Acquisition of Comviva Technologies Singapore Pte Limited**

The Company acquired Comviva Technologies Singapore Pte Limited (Comviva Group) on 12 November 2021. Comviva Group is based in Singapore and provides solutionsfor telecommunication & network operators. It was acquired for consideration of $35,000.

On 29 July 2022, the Company has passed the special resolutions on the amalgamation of the Company and Comviva Technologies Singapore Pte. Ltd. with the effective date from 1 August 2022.

**(e) Acquisition of Tech Mahindra Products Services Singapore Pte. Limited**

The Company acquired Tech Mahindra Products Services Singapore Pte. Limited (Sofgen Group) on 18 February 2022 from Sofgen Holdings Limited, a related party. Sofgen Group is based in Singapore and provides consultancy services. It was acquired for consideration of $4,720,155.

On 25 November 2022, the Company has passed the special resolutions on the amalgamation of the Company and Tech Mahinda Products Services Singapore Pte. Limited with the effective date from 1 December 2022.

**(f) Acquisition of Geomatic.ai Pty Limited**

The Company acquired 80% interests in Geomatic.ai Pty Limited on 15 February 2022. Geomatic is based in Australia and involved in the geospatial business and provides data capture services. It was acquired for cash consideration of AU$4,444,211 (approximately $4,322,083).

**Contingent consideration arrangem ents**

As part of the acquisition agreement with the previous shareholders of Geomatic.ai, additional cash payments shall be payable to the previous shareholders based on certain audited financia lmetricsfor the financial years ending 31 March 2028.

As at the acquisition date and 31 March 2022, the contingent consideration for was determined to be AU$1,339,861 (approximately $1,425,342) and recognised as “Other payables” (Note 12).

As on 31 March 2023, the Company has contingent consideration amounting S$ 1,561,000.

**Impairment loss assessment**

Investments in subsidiaries are stated at cost less impairment loss. The Company evaluates on an annual basis whether there is an indicator that an impairment may have occurred. In its evaluation, the Company considers factors including the financial health and future business outlook for each subsidiary. If any impairment indicator is present, the Company determines the recoverable amount of the investment which is the higher of value in use or fair value less costs of disposal. The amount of any impairment loss identified is measured as the difference between the investment’s carrying amount and recoverable amount. In current and prior financial years, management assessed that there is no impairment on the investment in subsidiaries.

## 7 Deferred tax assets

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| Deferred tax assets | 150,194 | 55,456 |

The following are the deferred tax assets recognised by the Company during the year:

| | Plant and equipment | Trade and other receivables | Provisions | Others | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| At 1 April 2021 | (1,868) | 1,098,996 | 138,058 | 35,104 | 1,270,290 |
| Recognised during the year | 1,342 | (1,085,485) | (95,587) | (35,104) | 1,214,834) |
| At 31 March 2022 | (526) | 13,511 | 42,471 | - | 55,456 |
| Balance migrated from Tech Mahindra Products Services Singapore Pte.Limited | 90,621 | - | (62,536) | 331,454 | 359,539 |
| Recognised during the year | (90,016) | 16,488 | 105,633 | (296,906) | (264,801) |
| At 31 March 2023 | **79** | **29,999** | **85,568** | **34,548** | **150,194** |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

## 8 Trade receivables

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| Third parties | **1,929,325** | 277,953 |
| Less: Impairment allowance | **(176,465)** | (129,392) |
| | **1,752,860** | 148,561 |
| Holding company | **835,270** | 513,000 |
| | **2,588,130** | 661,561 |

The credit period on services rendered to third parties and holding company ranges from 30 to 60 days (2022: 30 to 60 days). No interest is charged on the outstanding balance.

As at the reporting date, the Company has provided for an impairment allowance arising performance related issues arising from the Company's obligations under the back-to-back revenue arrangement.

The movement in allowance for impairment are as follows:

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| At beginning of year | **129,392** | 1,564,077 |
| Addition during the year | **152,393** | 90,817 |
| Balance migrated from Tech Mahindra Products Services Singapore Pte Limited | **54,209** | - |
| Written off during the year | **-** | (1,525,502) |
| Provision reversed during the year | **(159,529)** | - |
| At end of year | **176,465** | 129,392 |

## 9 Other receivables and prepayments

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| Advance to employees | **4,275** | 82,304 |
| Less: Allowance for impairment | **-** | (79,474) |
| Advance to employees (net) | **4,275** | 2,830 |
| Loan to a related company | **1,993,798** | 1,993,798 |
| Less: Repayment by the related Company | **(1,993,798)** | - |
| Loan to a related company | **-** | 1,993,798 |
| Other receivables from fellow subsidiaries | **1,708,701** | 653,687 |
| Prepayments | **355,127** | 284,861 |
| Other receivables | **146,029** | 55,197 |
| Unbilled receivable | **2,696,349** | - |
| Withholding tax receivable | **302,300** | - |
| | **5,208,506** | 993,745 |
| | **5,212,781** | 2,990,373 |

## 9 Other receivables and prepayments (Continued)

The movement in allowance for impairment are as follows:

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| At beginning of year | **79,474** | 4,900,607 |
| Written off during the year | **(79,474)** | (4,821,133) |
| At end of year | **-** | 79,474 |

In 2022, the loan to a related company, Tech Mahindra Thailand Ltd. was unsecured bearing interest of 1.25% per annum and was paid on 28 June 2022.

The other receivables from fellow subsidiaries are unsecured, non-interest bearing and receivable on demand.

## 10 Cash and bank balances

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| Cash at bank | **4,607,907** | 1,110,012 |
| Fixed deposits | **3,812,914** | 1,700,000 |
| | **8,420,821** | 2,810,012 |
| Less: Money deposit pledged | **(1,012,914)** | - |
| Cash and cash equivalents | **7,407,907** | 2,810,012 |

The effective interest rate relating to fixed deposit with a financial institution, at the reporting date is 3.93 % (2022: 2.58%) per annum.

## 11 Share capital

| | **2023** | 2022 | **2023** | 2022 |
|---|---|---|---|---|
| | Number of shares | | **$** | $ |
| At 1 April | **18,106,132** | 15,024,807 | **181,061,337** | 150,248,087 |
| Issuance of shares | **300,000** | 3,081,325 | **3,000,000** | 30,813,250 |
| At 31 March | **18,406,132** | 18,106,132 | **184,061,337** | 181,061,337 |

The ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

During the year, the Company issued 300,000 (2022: 3,081,325) of ordinary shares at $10 per share to its immediate holding company, resulting in increase of share capital by $3,000,000 (2022: $30,813,250).

**Merger reserves**

This represents the difference between the nominal value of shares issued by the Company in exchange for the nominal value of shares and capital reserve of subsidiaries acquired which is accounted for under “pooling-of-interest”.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

## 12 Other payables

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| Accruals | **2,258,417** | 417,997 |
| Unearned revenue | **668,950** | - |
| GST payable | **138,761** | - |
| Consideration payable | **1,561,000** | 2,446,783 |
| | **4,627,128** | 2,864,780 |
| **Non-current** | **-** | 173,373 |
| Consideration payable – Momenton | **1,561,000** | 1,425,342 |
| Consideration payable – GeomatTic | **1,561,000** | 1,598,715 |
| **Current** | | |
| Accruals | **2,258,417** | 417,997 |
| Unearned revenue | **668,950** | - |
| GST payable | **138,761** | - |
| Consideration payable – Momenton | **-** | 848,068 |
| | **3,066,128** | 1,266,065 |
| | **4,627,128** | 2,864,780 |

Reconciliations of the consideration payables are as follows:

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| At beginning of the year | **2,446,783** | 11,029,100 |
| Provisions made during the year | **(1,371,586)** | 6,363,315 |
| Reversal made during the year | **1,376,312** | (11,029,100) |
| Payments made | **(890,509)** | (3,916,532) |
| At end of the year | **1,561,000** | 2,446,783 |

## 13 Provisions

| | **2023** | **2022** |
|---|---|---|
| | **$** | **$** |
| Provision for unutilised leave | **463,031** | 241,870 |

The Company calculates and records unutilised leave for its qualified employees. The amount recognised in the statement of financial position are determined as follows:

| | **2023** | **2022** |
|---|---|---|
| | **$** | **$** |
| Present value of provision of unutilised leaves | **463,031** | 241,870 |

Reconciliations of the present value of the provision of unutilised leave liabilities are as follows

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| At beginning of the year | **241,870** | 251,559 |
| Provisions made during the year | **36,362** | 90,224 |
| Benefits paid | **(200,743)** | (99,913) |
| Balance migrated from Tech Mahindra Products Services Singapore Pte. Limited | **385,542** | - |
| At end of the year | **463,031** | 241,870 |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

**13 Provisions (Continued)**

**Actuarial assumptions**

The cost of providing post-employment benefits is calculated by independent actuaries, Willis Tower Watson, using the Projected Unit Credit Method. The actuarial valuation was carried out using the following key assumptions:

| | **2023** | 2022 |
|---|---|---|
| Discount rate | **3.3%** | 1.6% |
| Salary escalation rate | **2.00% - 4.00%** | 2.00% - 4.00% |
| Withdrawal rate | **0.1% - 50%** | 0.1% - 50% |

**Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, wouldhaveaffectedthe defined benefit obligationby the amounts shown below.

| | **Increase** | **Decrease** |
|---|---|---|
| | **$** | **$** |
| **2023** | | |
| Discount rate (0.5% movement) | (3,410) | 3,470 |
| Salary escalation rate (0.5% movement) | 3,520 | (3,480) |
| Withdrawal rate (0.5% movement) | 112 | (139) |
| **2022** | | |
| Discount rate (0.5% movement) | (1,270) | 1,310 |
| Salary escalation rate (0.5% movement) | 1,310 | (1,280) |
| Withdrawal rate (0.5% movement) | (170) | 220 |

**14 Trade payables**

| | **2023** | 2022 |
|---|---|---|
| | **$** | **$** |
| Third parties | **344,925** | 159,143 |
| Holding company | **1,159,776** | 55,702 |
| | **1,504,701** | 214,845 |

The average credit period on trade payables and holding company is 30 days (2022: 30 days). No interest is charged on the outstanding balance.

**15 Right-of-use asset and lease liability**

The Com pany as lessee

The Company lease office spaces for 15 months.

**(a) Right-of-use assets**

The carrying amount of right-of-use assets by class of underlying asset classified within property, plant and equipment as follows:

| | **Leasehold properties** | **Total** |
|---|---|---|
| | **S$** | **S$** |
| At 1 April 2021 and 31 March 2022 | - | - |
| Migration from Tech Mahindra Products Services Singapore Pte. Limited | 541,149 | 541,149 |
| Depreciation | (166,507) | (166,507) |
| At 31 March 2023 | **374,642** | **374,642** |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

**15 Right-of-use asset and lease liability (Continued)**

**(b)**

| | Lease liability | |
|---|---|---|
| | **2023** | 2022 |
| | **$** | $ |
| Current | **377,488** | - |

The total cash outflow for leases during the financial year ended 31 March 2023 is S$165,041 (2022: S$Nil).

**Amounts recognized in profit or loss**

| | **2023** | 2021 |
|---|---|---|
| | **S$** | S$ |
| Interest expense on lease liability | **4,448** | - |
| Depreciation of right-of-use assets | **166,507** | - |
| | **170,955** | - |

## 16 Income tax payables

The movement in tax payables

The movement in tax (recoverable)/payables

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| At beginning of year | **51,970** | 36,831 |
| Provision made during the year | **-** | (235,120) |
| (Payment)/ Refund during the year | **(40,935)** | 250,259 |
| At end of year | **11,035** | 51,970 |

## 17 Revenue

The following table provides information about receivables with customers.

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| Service income – ultimate holding company | **7,808,299** | 4,733,874 |

The followingtable provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

**Service income – ultimate holding company**

| | |
|---|---|
| Nature of goods or services | Service agreement with the immediate and ultimate holding company for reimbursement of costs incurred plus a mark-up (“cost-plus method”) |
| When revenue is Recognised | Revenue from services are recognised as and when cost is incurred under the service agreement. |
| Significant payment Terms | Invoices are issued to the customers after the services are performed and are normally payable within 30 days. |

The following table provides information about receivables with customers

| | Note | Contract assets | |
|---|---|---|---|
| | | **2023** | 2022 |
| | | **$** | $ |
| Trade receivables | 8 | **2,588,130** | 661,561 |

Significant changes in the contract assets balances during the period are as follows.

| | Contract assets | |
|---|---|---|
| | **2023** | 2022 |
| | **$** | $ |
| Contract asset reclassified to trade receivables | **-** | 17,700 |

## 18 Profit before tax

The following items have been included in arriving at profit/(loss) before tax:

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | **$** | $ |
| Employee benefits expense (see below) | | **5,329,731** | 3,628,221 |
| Hardware/software billable cost | | **7,112** | 347,714 |
| Allowance for impairment on trade receivables (net) | | **(7,136)** | 90,817 |
| Balances written off | | **(213,959)** | - |
| Reversal of allowance for impairment on loan to a related company | | **-** | (4,821,133) |
| **Employee benefits expense (including directors):** | | | |
| - Salaries and bonuses | | **5,288,162** | 3,483,161 |
| - Contributions to defined contribution plans | | **41,569** | 145,060 |
| | | **5,329,731** | 3,628,221 |

## 19 Tax expenses

| | 2023 | 2022 |
|---|---|---|
| | **$** | $ |
| **Current tax expense** | | |
| Current year | **-** | 39,021 |
| Over provision in prior years | **-** | (274,141) |
| | **-** | (235,120) |
| **Deferred tax expenses** | | |
| Origination and reversal of temporary differences | **287,850** | 819,548 |
| Under/ overprovision in prior years | **(23,049)** | 395,286 |
| | **264,801** | 1,214,834 |
| **Total tax expenses** | **264,801** | 979,714 |
| **Reconciliation of effective tax rate** | | |
| Profit before tax | **1,283,461** | 11,243,127 |
| Tax calculated using the Singapore tax rate of 17% (2022: 17%) | **218,188** | 1,911,332 |
| Tax exemption | **-** | (17,425) |
| Tax effect of non-deductible items | **34,584** | 154 |
| Tax effect of non-taxable items | **(28,813)** | (1,035,492) |
| Utilisation of deferred tax assets migrated from Tech Mahindra Products Services Singapore Pte. Limited | **63,891** | - |
| Under provision in prior years | **(23,049)** | 121,145 |
| | **264,801** | 979,714 |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

## 20 Related party transactions

### Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors and key executives are considered as key management personnel of the Company.

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| **Compensation of directors** | | |
| Short-term benefits | **129,880** | 242,500 |
| Post-employment benefits | **2,330** | |
| (ESOP)/other forms of Employee Share Ownership (ESOW) Plans | **-** | 59,841 |

### Other related party transactions

Other than disclosed elsewhere in the financial statements, the following related company transactions took place between the Company and related companies during the year on terms agreed by the parties concerned:

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| Ultimate holding company | | |
| Reimbursement of expenses | **0** | (35,650) |
| Administrative service income | **(7,808,299)** | (4,733,874) |
| Fellow subsidiary | | |
| Transfer of shares of a subsidiary | **-** | 4,720,155 |
| Other operating income | **409,204** | - |
| Interest income | **4,776** | 43,846 |

## 21. Financial instruments

### Financial risk management Overview

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

### Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade receivables, contract asset and receivable from holding company.

**21. Financial instruments (Continued)**

The carrying amounts of financial assets and contract assets represents the Company's maximum exposure to credit risk, before taking into account any collateral held. The Company does not require any collateral in respect of their financial assets.

The Company has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Company only grants credit to creditworthy counterparties.

At the end of the reporting period, 32% (2022: 78%) of the trade receivables are due from holding company. The risk management process includes assessing corresponding credit standing and monitoring of collections.

**Trade receivables**

The Company is not exposed to any significant credit risk on its trade receivables (third parties) as the holding company bears the credit risk arising from third parties and has indemnified the Company arising from the back-to-back revenue arrangement between the Company and the holding company.

The Company held trade receivables from its holding company of $835,270 (2022: $513,000). The Company uses an approach that is based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to audited financial statements, management accounts, and applying experienced credit judgement). There is no significant increase in credit risk for these exposures. Therefore impairment on these balances has been measured on the 12 month expected credit loss basis; and the amount of the allowance is insignificant.

**Cash and cash equivalents**

The Company places its cash with reputable financial institutions. The cash and cash equivalents are held with bank and financial institution counterparties with high credit ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

**Non-trade financial assets at amortised cost**

*Expected credit loss ("ECL") assessment*

The Company held non-trade financial assets which comprises of advances to employees, loan to a related company, other receivables from fellow subsidiaries andother receivables as disclosed in Note 9.

The Company provides for expected credit losses for all non-trade financial assets using a provision matrix. The provision rates are determined based on the Company's historical observed default rates analysed in accordance to days past due and incorporates forward looking information such as a forecast of economic conditions.

As at 31 March 2023, the allowance for expected credit losses of advances to employees recognised based on lifetime ECL are Nil (2022: $79,474).

There are no significant changes to estimation techniques or assumptions made during the year.

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's objective when managing liquidity is to ensure, as far as possible, it will always have sufficient liquidity to meet its liability when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity risk is managed by matching the payment and receipt cycle. The Company's operations are financed mainly through equity and accumulated profits.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

**21. Financial instruments (Continued)**

The following table summarises the Company's remaining contractual maturity for its non -derivative financial liabilities at the end of the reporting period based on undiscounted cash flows of financial instruments premised on the earlier of the contractual date or when the Company is expected to pay.

| | Carrying amount | Contractual cash flows | One year or less | One to five years |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Non-derivative financial liabilities** | | | | |
| 31 March 2023 | | | | |
| Trade and other payables | 5,993,068 | 5,993,068 | 4,432,068 | 1,561,000 |
| Lease liability | 377,488 | 381,351 | 381,351 | - |
| | **6,370,556** | **6,374,419** | **4,813,419** | **1,561,000** |
| 31 March 2022 | | | | |
| Trade and other payables | 3,079,625 | 3,079,625 | 1,480,910 | 1,598,715 |

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates andinterest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**Foreign exchange risk**

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company has very minimal exposure to foreign exchange risk as most transactions are transacted in the functional currency which is in Singapore dollars. The Company does not hedge its exposure to foreign exchange risk as the risk is not expected to be significant.

| **Currency** | **Amount in foreign currency** | **Amount (SGD)** |
|---|---|---|
| **Trade receivables from third parties** | | |
| **31 March 2023** | | |
| AUD | 28,400 | 25,631 |
| USD | 515,269 | 685,274 |
| **31 March 2022** | | |
| USD | 110,836 | 150,374 |
| **Bank Account** | | |
| **31 March 2023** | | |
| USD | 745,604 | 991,605 |
| **31 March 2022** | | |
| USD | Nil | Nil |

**Sensitivity Analysis**

| **Financial Assets** | **Carrying value (SGD)** | **+10%** | **-10%** |
|---|---|---|---|
| **31 March 2023** | | | |
| For amount denominated in USD | | | |

**21. Financial instruments (Continued)**

| **Financial Assets** | **Carrying value (SGD)** | **+10%** | **-10%** |
|---|---|---|---|
| Trade receivables | 685,274 | 68,527 | (68,527) |
| Impact on financial assets before tax | | 68,527 | (68,527) |
| Tax charge @ 17% | | (11,650) | 11,650 |
| Impact on financial assets after tax | | 56,878 | (56,878) |
| For amount denominated in AUD | | | |
| Trade receivables | 25,631 | 2,563 | (2,563) |
| Impact on financial assets befor tax | | 2,563 | (2,5630 |
| Tax charge @ 17% | | (436) | 436 |
| Impact on financial assets after tax | | 2,127 | (2,127) |
| Bank Account | 991,605 | 99,161 | (99,161) |
| Impact on financial assets before tax | | 99,161 | (99,161) |
| Tax charge @ 17% | | (16,857) | 16,857 |
| Impact on financial assets after tax | | 82,304 | (82,304) |
| Net impact | | 141,309 | (141,309) |
| **31 March 2022** | | | |
| Trade receivables | 150,374 | 15,037 | (15,037) |
| Impact on financial assets before tax | | 15,037 | (15,037) |
| Tax charge @ 17% | | (2,556) | 2,556 |
| Impact on financial assets after tax | | 12,481 | (12,481) |

**Interest rate risk**

The Company does not have any interest-bearing financial assets and liabilities except for its fixed deposits and loan to a related company. Fixed deposits and loan to related company are all short- term, hence, with the current interest rate level, any future variations in interest rates will not have a material impact on net profit.

No sensitivity analysis is prepared as the Company does not expect any material effect on the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

**Capital management**

The primary objective of the Company's capital management is to ensure that the Company is able to continue as a going concern and maintain an optimal structure so as to maximise shareholder value. The Company is a subsidiary within a larger corporate group. Consequently, management of capital is conducted and aligned to the group to which the Company belongs to.

Capital consists of shares capital and retained earnings of the Company. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company is not subject to externally imposed capital requirements.

**Accounting classification and fair values**

The carrying amount of financial assets and liabilities with a maturity period of one year or less , are a reasonable approximation of fair value due to short term to maturity.

| **Categories of financial instruments** | **2023** | 2022 |
|---|---|---|

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

**21. Financial instruments (Continued)**

| | | | |
|---|---|---|---|
| Financial assets | | | |
| Trade receivables | 8 | **2,588,130** | 661,561 |
| Other receivables* | 9 | **4,555,354** | 2,705,512 |
| Cash and cash equivalents | 10 | **8,420,821** | 2,810,012 |
| Financial assets at amortised cost | | **15,564,305** | 6,177,085 |
| Financial liabilities | | | |
| Trade payables | 14 | **1,504,701** | 214,845 |
| Other payables** | 12 | **2,927,367** | 417,997 |
| Financial liabilities at amortised cost | | **4,432,068** | 632,842 |

* Exclude prepayments and withholding tax receivable.

** Exclude GST payables and consideration payable (contingent consideration)

**Financial instruments measured at fair value**

| | | |
|---|---|---|
| | **2,023** | 2,022 |
| **Fair value at level 3** | | |
| Consideration payable (contingent consideration) | **1,561,000** | 2,446,783 |

| **Type** | **Valuation technique** |
|---|---|
| Contingent consideration | Discounted cash flow: The valuation model considers the present value of the expected future payments, discounted using risk- adjusted discount rate. |

The significant unobservable inputs are the expected cashflows and the discount rate. The estimated fair value would increase (decrease) if the expected cash flows were higher (lower) or the discount rate was lower (higher).

# TECH MAHINDRA (THAILAND) LIMITED

**Board of Directors**
Mr. Pranab Roy Choudhury
Mr. Amitava Ghosh
Mr. Hrishikesh Pandit
Mr. Ashish Inamdar (up to March 15 2023)
Mr. Debashis Ghosh (Effective April 11 2023)

**Registered Office**
BB Building, 13th Floor, Unit No. 1304
Sukhumvit 21 Road (Asok), North Klongteoy Sub-district
Wattana District, Bangkok, Thailand

**Bankers**
HSBC Limited

**Auditors**
KPMG Phoomchai Audit Ltd

# DIRECTORS ’ REPORT

Your directors present their report together with the audited accounts of your company for the year ended March 31, 2023.

**Financial Results**

| For the years ended March 31 | 2023 THB | 2022 THB |
|---|---|---|
| Income | 1,022,978,819 | 1,117,370,026 |
| Profit/(Loss) before tax | (69,813,566) | (167,606,181) |
| Profit/(Loss) after tax | (69,813,566) | (167,606,181) |

**Review of Operations:**

The income for the year reported as THB 1,022,978,819. The loss/profit before tax for the year recorded as THB (69,813,566).

**Directors:**

The following are the directors of the company

Mr. Pranab Roy Choudhury
Mr. Amitava Ghosh
Mr. Hrishikesh Pandit
Mr. Ashish Inamdar (Up to March 15 2023)
Mr. Debashis Ghosh (Effective April 11 2023)

**Outlook for the Current Year:**

The Company is optimistic of increasing its local business in future.

**Acknowledgments:**

Your Directors thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholders for the cooperation and assistance received from them.

**For Tech Mahindra (Thailand) Limited**

**Pranab Roy Choudhury**
Chairman

Place: Jakarta, Indonesia
Date: June 23, 2023

# INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Tech Mahindra (Thailand) Limited**

**Opinion**

I have audited the financial statements of Tech Mahindra (Thailand) Limited (the "Company"), which comprise the statement of financial position as at 31 March 2023, the statements of income and changes in equity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2023 and its financial performance for the year then ended in accordance with the Thai Financial Reporting Standard for Non-Publicly Accountable Entities (TFRS for NPAEs).

**Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS for NPAEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

(Marisa Tharathornbunpakul)
Certified Public Accountant
Registration No. 5752

KPMG Phoomchai Audit Ltd.
Bangkok
June 23, 2023

# STATEMENT OF FINANCIAL POSITION

| Assets | Note | 31 March 2023 | 31 March 2022 |
|---|---|---|---|
| | | (in Baht) | |
| **Current assets** | | | |
| Cash and cash equivalents | | **69,429,645** | 267,029,293 |
| Trade and other receivables | 4 | **367,039,979** | 531,901,331 |
| Current portion of lease receivables | 5 | **4,749,193** | 4,459,959 |
| **Total current assets** | | **441,218,817** | 803,390,583 |
| **Non-current assets** | | | |
| Leasehold improvement and equipment | 6 | **3,720,581** | 7,838,916 |
| Lease receivables | 5 | **15,195,791** | 19,944,984 |
| Prepaid witholding tax refunable | | **73,283,020** | 50,279,611 |
| Other non-current assets | | **1,616,344** | 1,260,440 |
| **Total non-current assets** | | **93,815,736** | 79,323,951 |
| **Total assets** | | **535,034,553** | 882,714,534 |
| **Liabilities and equity** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 7 | **513,906,211** | 638,041,141 |
| Short-term loans from related parties | 8 | **-** | 48,161,991 |
| Advance received for share capital | 11 | **-** | 165,750,000 |
| Current provision for anticipated losses | 9 | **47,717,600** | 93,152,920 |
| Current provisions for retirement benefits | 10 | **6,438,100** | 5,611,968 |
| Other current liabilities | | **22,983,851** | 40,343,157 |
| **Total current liabilities** | | **591,045,762** | 991,061,177 |
| **Non-current liabilities** | | | |
| Non-current provision for anticipated losses | 9 | **69,167,652** | 117,915,039 |
| Non-current provisions for retirement benefits | 10 | **20,269,118** | 15,122,731 |
| **Total non-current liabilities** | | **89,436,770** | 133,037,770 |
| **Total liabilities** | | **680,482,532** | 1,124,098,947 |
| **Equity** | | | |
| Share capital | 11 | | |
| Authorised share capital | | **637,815,000** | 472,065,000 |
| Issued and paid-up share capital | | **637,815,000** | 472,065,000 |
| Deficit | | **(783,262,979)** | (713,449,413) |
| **Total equity** | | **(145,447,979)** | (241,384,413) |
| **Total liabilities and equity** | | **535,034,553** | 882,714,534 |

# STATEMENT OF INCOME

| | Note | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|---|
| | | (in Baht) | |
| **Revenues** | | | |
| Revenue from rendering of services | 12 | **1,021,356,506** | 1,105,825,734 |
| Other income | | **1,622,313** | 11,544,292 |
| **Total revenues** | | **1,022,978,819** | 1,117,370,026 |
| **Expenses** | | | |
| Cost of rendering of services | | **1,059,311,313** | 1,200,073,781 |
| Administrative expenses | | **33,363,281** | 83,810,706 |
| **Total expenses** | | **1,092,674,594** | 1,283,884,487 |
| **Loss before finance costs** | | **(69,695,775)** | (166,514,461) |
| Finance costs | | **117,791** | 1,091,720 |
| **Loss for the year** | | **(69,813,566)** | (167,606,181) |

# STATEMENT OF CHANGES IN EQUITY

| | Note | Issue and paid - up share capital | Deficit | Total equity |
|---|---|---|---|---|
| | | | (in Baht) | |
| **Year ended 31 March 2022** | | | | |
| **Balance at 1 April 2021** | | 6,000,000 | (545,843,232) | (539,843,232) |
| Issue of ordinary shares | 11 | 466,065,000 | - | 466,065,000 |
| Loss for the year | | - | (167,606,181) | (167,606,181) |
| **Balance at 31 March 2022** | | 472,065,000 | (713,449,413) | (241,384,413) |
| | | | | |
| **Year ended 31 March 2023** | | | | |
| **Balance at 1 April 2022** | | 472,065,000 | (713,449,413) | (241,384,413) |
| Changes in equity | | | | |
| Issue of ordinary shares | 11 | 165,750,000 | - | 165,750,000 |
| Loss for the year | | - | (69,813,566) | (69,813,566) |
| **Balance at 31 March 2023** | | **637,815,000** | **(783,262,979)** | **(145,447,979)** |

# NOTES TO THE FINANCIAL STATEMENTS

**These notes form an integral part of the financial statements.**

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the

Thai language statutory financial statements, and were approved and authorized for issue by the director on 22 June 2023.

## 1 General information

Tech Mahindra (Thailand) Limited, the "Company", is incorporated in Thailand on August 26, 2005 and has its registered office at 54 BB Building, 13th Floor, Room 1304, Sukhumvit 21 Road (Asoke), Kwang Klongtoey Nua, Khet Wattana, Bangkok and the principal businesses of the Company are providing IT services and development for computer software.

## 2 Basis of preparation of the financial statements

The financial statements are prepared in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities (TFRS for NPAEs); guidelines promulgated by the Federation of Accounting Professions (TFAC). In addition, the Company has complied with Thai Financial Reporting Standard for Publicly Accountable Entities (TFRS for PAEs).

| TFRS | Topic |
| --- | --- |
| TAS 12 | Income Taxes |

The financial statements are prepared and presented in Thai Baht. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TFRS for NPAEs requires management to make judgements, estimates and assumptions that affect the application of the Company's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

### Going concern

As 31 March 2023, the Company has net loss of Baht 69.81 million for the year ended 31 March 2023 (2022: Baht 167.61 million) and, as of that date, the Company's current liabilities exceeded its current assets by Baht 149.83 million (2022: Baht 187.67 million), deficit of Baht 783.26 million (2022: Baht 713.45 million) and capital deficiency of Baht 145.45 million (2022: Baht 241.38 million).

The condition indicates the existence of uncertainty which may cast doubt about the Company's ability to continue as a going concern. The Company's management, however, believes that the going concern basis of financial statement presentation is appropriate to prepare its financial statements since the Company's shareholders provided financial support to the Company and are major debtors of the Company. Moreover, the management believe that the Company will has sufficient working capital from its future operation to be used in their operations in the next 12 months from 31 March 2023. The financial statements do not include any adjustments relating to the recoverability and classification of the recorded assets amounts or to amounts and classification of liabilities that may be necessary if the Company is unable to continue as a going concern.

## 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### (a) Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the exchange rates at that date. Gains or losses arising on translation are recognised in the statement of income.

**(b) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances.

**(c) Trade, lease and other receivables**

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts.

Receivable under finance lease contracts are carried at outstanding amount, net of unearned interest income less allowance for doubtful accounts.

Unbilled trade accounts receivable represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised for the portion of work performed, less progress billings and recognised losses.

The allowance for doubtful accounts is provided at the estimated collection losses on receivables at the end of the year. Such estimates are assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**(d) Leasehold improvement and equipment**

Leasehold improvement and equipment are measured at cost less accumulated depreciation and losses on decline in value.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of leasehold improvement and equipment have different useful lives, they are accounted for as separate items (major components) of leasehold improvement and equipment .

Any gains and losses on disposal of an item of leasehold improvement and equipment are determined by comparing the proceeds from disposal with the carrying amount of leasehold improvement and equipment are recognised in the statement of income.

**Subsequent costs**

The cost of replacing a part of an item of leasehold improvement and equipment are recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of leasehold improvement and equipment are recognised in the statement of income as incurred.

**Depreciation**

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each component of an item of leasehold improvement and equipment. The estimated useful lives are as follows:

| | | |
|---|---|---|
| Office equipment | 2 | years |
| Computer | 3 | years |
| Leasehold improvement | Period of lease 2 | years |

**(e) Losses on decline in value**

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of a permanent decline in value. If any such indication exists, the assets' recoverable amounts are estimated. A loss on decline in value is recognised if the carrying amount exceeds its recoverable amount. A loss on decline in value is recognised in the statement of income.

**(f) 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. Provisions are determined by the best estimate method.

**Provision for retirement benefits**

Provision for retired benefits are recognised using the best estimate method at the reporting date. The Company derecognises the provision when actual payment is made.

**Onerous contracts**

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting the Company's obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

**(g) Revenue**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

**Sale of goods**

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

**Service contracts revenue**

Services contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a service contract can be estimated reliably, contract revenue and expenses are recognised in the statement of income in proportion to the stage of completion of the contract.

The stage of completion is assessed based on the proportion of total labour hours incurred to date to the estimated total labour hours of each contract. When the outcome of a service contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the statement of income.

**Other income**

Interest and other income are recognised in the statement of income as it accrues.

**(h) Operating lease**

Payments made under operating leases are recognised on a straight-line basis over the term of the lease.

**(i) Finance costs**

Interest expenses and similar costs are recognised on accrual basis.

**(j) Income tax**

Income tax expense for the year comprises current and deferred tax. Which is recognised in the statements of income.

Current tax is recognised in respect of the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences: 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.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Current deferred tax assets and liabilities are offset in the financial statements.

the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## 4 Trade and other receivables

| | 2023 | 2022 |
|---|---|---|
| | | (in Baht) |
| Trade and other receivables | **207,510,844** | 324,762,183 |
| Unbilled receivables | **173,778,952** | 237,194,697 |
| **Total** | **381,289,796** | **561,956,880** |
| Less allowance for doubtful accounts | **(14,249,817)** | (30,055,549) |
| **Net** | **367,039,979** | **531,901,331** |
| Bad and doubtful debts (Reversal) | **(15,805,732)** | (3,348,266) |

## 5 Lease receivables

| | Within one year | | After one year but within five years | | Total | |
|---|---|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| | | | | | | (in Baht) |
| Lease receivables | **5,870,150** | 5,870,150 | **16,632,091** | 22,502,241 | **22,502,241** | 28,372,391 |
| Less unearned interest income | **(1,120,957)** | (1,410,191) | **(1,436,300)** | (2,557,257) | **(2,557,257)** | (3,967,448) |
| **Total lease receivables** | **4,749,193** | 4,459,959 | **15,195,791** | 19,944,984 | **19,944,984** | 24,404,943 |

## 6 Leasehold improvement and equipment

| | Leasehold improvement | Office equipment | Computer | Total |
|---|---|---|---|---|
| | | | | (in Baht) |
| Cost | | | | |
| At 1 April 2021 | 1,098,524 | 16,262 | 8,520,997 | 9,635,783 |
| Additions | 1,281,800 | 396,300 | 4,031,880 | 5,709,980 |
| **At 31 March 2022, 1 April 2022 and 31 March 2023** | **2,380,324** | **412,562** | **12,552,877** | **15,345,763** |
| Depreciation | | | | |
| At 1 April 2021 | 1,098,524 | 16,262 | 2,137,798 | 3,252,584 |
| Depreciation charge for the year | 1,183,200 | 79,262 | 2,991,801 | 4,254,263 |
| **At 31 March 2022 and 1 April 2022** | **2,281,724** | **95,524** | **5,129,599** | **7,506,847** |
| Depreciation charge for the year | 98,600 | 79,260 | 3,940,475 | 4,118,335 |
| **At 31 March 2023** | **2,380,324** | **174,784** | **9,070,074** | **11,625,182** |
| Net book value | | | | |
| **At 31 March 2022** | **98,600** | **317,038** | **7,423,278** | **7,838,916** |
| **At 31 March 2023** | **-** | **237,778** | **3,482,803** | **3,720,581** |

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which

## 7 Trade and other payables

| | **2023** | 2022 |
|---|---|---|
| | | (in Baht) |
| **Trade payables** | | |
| Related parties | **426,645,005** | 342,577,317 |
| Other parties | **15,523,771** | 75,713,267 |
| **Other payables** | | |
| Accrued expenses | **63,541,148** | 211,769,561 |
| Unearned revenue | **8,196,287** | 7,980,996 |
| **Total** | **513,906,211** | 638,041,141 |

## 8 Short-term loans from related parties

The Company has repaid amounting to Baht 48.16 million to related parties Loan. The said loan agreements had interest rate of 1.26% - 1.59% and repaid during the financial year 2023.

## 9 Provision for anticipated losses

| | (in Baht) |
|---|---|
| At 1 April 2021 | 390,663,148 |
| Provisions made | (179,595,189) |
| **At 31 March 2022 and 1 April 2022** | **211,067,959** |
| Provisions used | (94,182,707) |
| **At 31 March 2023** | **116,885,252** |
| Current | 47,717,600 |
| Non-current | 69,167,652 |
| **Total** | **116,885,252** |

Provisions for anticipated losses occur from service agreement with other party and is towards the additional delivery costs. The said loss was on account of developments in ws1ezcertain delivery aspects due to COVID and due to scope creep.

## 10 Provisions for retirement benefits

| | (in Baht) |
|---|---|
| At 1 April 2021 | 10,970,050 |
| Additions | 14,290,034 |
| Paid | (4,525,385) |
| **At 31 March 2022 and 1 April 2022** | **20,734,699** |
| Additions | 16,264,351 |
| Paid | (10,291,832) |
| **At 31 March 2023** | **26,707,218** |
| Current | 6,438,100 |
| Non-current | 20,269,118 |
| **Total** | **26,707,218** |

## 11 Share capital

| | Par value | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | per share | **Number** | **Baht** | Number | Baht |
| | (in Baht) | | | | (shares /in Baht) |
| **Authorised** | | | | | |
| At 1 April | | | | | |
| - ordinary shares | 100 | **4,720,650** | **472,065,000** | 60,000 | 6,000,000 |
| issue new shares | 100 | **1,657,500** | **165,750,000** | 4,660,650 | 466,065,000 |
| **At 31 March** | | | | | |
| **- ordinary shares** | 100 | **6,378,150** | **637,815,000** | **4,720,650** | **472,065,000** |
| **Issued and paid-up shares** | | | | | |
| At 1 April | | | | | |
| - ordinary shares | 100 | **4,720,650** | **472,065,000** | 60,000 | 6,000,000 |
| issue new shares | 100 | **1,657,500** | **165,750,000** | 4,660,650 | 466,065,000 |
| **At 31 March** | | | | | |
| **- ordinary shares** | 100 | **6,378,150** | **637,815,000** | **4,720,650** | **472,065,000** |

At the Extraordinary general meeting of shareholders of the Company held on 9 July 2021, the shareholders approved to increase the authorised share capital from Baht 6 million (60,000 shares at Baht 100 par value) to Baht 472 million (4,720,650 shares at Baht 100 par value), by issuing 4,660,650 new shares at Baht 100 par value. The increase of share capital was registered with the Ministry of Commerce on 2 August 2021.

At the Extraordinary general meeting of shareholders of the Company held on 1 April 2022, the shareholders approved to increase the authorised share capital from Baht 472 million (4,720,650 shares at Baht 100 par value) to Baht 638 million (6,378,150 shares at Baht 100 par value), by issuing 1,657,500 new shares at Baht 100 par value. The increase of share capital was registered with the Ministry of Commerce on 20 April 2022.

## 12 Promotional privileges

The Company has been granted promotional certificates by the office of the Board of Investment relating to the investment in enterprise software and digital content with certificate no. 1044(7)/2556, dated January 15, 2013. The Company has been granted several privileges including the exemption of import duty on machinery that approved by the Board and the exemption of corporate income tax for net profit from the promoted activities for a period of eight years from the date when income is first derived.

In accordance with the Notification of the Board of Investment No. Por. 14/2541 dated December 30, 1998, regarding revenue reporting of a promoted industry, the Company is required to report revenues separately for domestic and export and from the promoted and non-promoted businesses. For the years ended March 31, all revenue were domestic service and such information is as follows:

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | **Promoted businesses** | **Non-promoted businesses** | **Total** | Promoted businesses | Non-promoted businesses | Total |
| | | | *(in Baht)* | | | |
| Domestic services | **527,434,573** | **493,921,933** | **1,021,356,506** | 646,603,065 | 459,222,669 | 1,105,825,734 |

As a promoted company, the Company must comply with certain conditions and restrictions provided in the promotional certificate.

## 13 Income tax

Reconciliation of effective tax rate

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | **Rate** | | Rate | |
| | **(%)** | **(in Baht)** | (%) | (in Baht) |
| Loss before income tax expense | | **(69,813,566)** | | (167,606,181) |
| Income tax using the Thai corporation tax rate | **20** | **(13,962,713)** | 20 | (33,521,236) |
| Current year tax losses from promotional privileges for which no deferred tax assets was recognised | | **9,839,829** | | 10,674,185 |
| Current year losses for which no deferred tax asset was recognized | | **58,342,285** | | 55,719,291 |
| Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net and others | | **(54,219,401)** | | (32,872,240) |
| Under provided in prior years | | **-** | | - |
| **Total** | **-** | **-** | **-** | **-** |

Deferred tax assets arising from temporary differences not recognised in the financial statements are as follows:

| | **2023** | 2022 |
|---|---|---|
| | | (in Baht) |
| Deductible temporary differences - provisions | **31,568,457** | 52,371,642 |
| Loss carry forward | **196,262,902** | 100,667,755 |
| **Total** | **227,831,359** | **153,039,397** |

The tax losses expire in 2026 - 2028. The deductible temporary differences do not expire under current tax legislation. The Company has not recognised these items as deferred tax assets because it is not probable that the Company will have sufficient future taxable profit to utilise the benefits therefrom.

## 14 Contingent liability

In 2018 , the company has entered into a contract to develop software and operating system with a customer. The said customer has filed a complaint to the Civil Court against the Company as the Company unable to deliver the work under the contract which are deliverables that have functions and can be used according to the terms and conditions to the other company within the agreed timeframe amounting to THB 179,861,447. The Court's officer served the statement of claim at the Company's office on 26 November 2022. The due date for defense submission was 26 December 2022. The Company did not submit its statement of defense on time. The customer then requests the Court to issue a default judgment. The Company respectfully submits that there is a reasonable ground to allow the submission of the defense, and that the Company's default was unintentional. The Company filed this application immediately after becoming aware of the matter. The said customer's assertion is baseless. At the reporting date, the litigation proceeding in the Civil Court was underway and the outcome was yet to be determined.

However, the Company's management believes that the Company may not have an obligation from this case as our external lawyers are of the view that considering the said customer themselves have initiated this claim in Civil Court but have asked the Company to consider getting into court supervised mediation discussions to settle; and further our external lawyers do not see any red flag that would require the Company to seek for a settlement because of a weak merit of the case. Therefore, no provision has been made in the financial statements as at 31 March 2023.

# TECH MAHINDRA (BEIJING) IT SERVICES LIMITED

**Board of Directors**
Mr. Amitava Ghosh
Mr. Ravi Yallajosula
Mr. Mukesh Sharma

**Registered Office**
Room 512-1 & 512-2,
No.6 South Zhongguancun Street,
Haidian District, Beijing

**Bankers**
HSBC Bank Limited

**Auditors**
Zhong Sheng Jia Hua
Certified Public Accountant
Beijing

# DIRECTORS' REPORT

Your directors present their report together with the audited accounts of your company for the year ended December 31, 2022.

**Financial Results**

| For the years ended December 31 | **2022** | 2021 |
|---|---|---|
| | **RMB** | RMB |
| Income | **48006838.45** | 33049347.2 |
| Profit/(Loss) before tax | **57770.03** | -105577.31 |
| Net Profit | **-10009.1** | -105577.31 |

**Review of Operations:**

During the year under review, your Company recorded an income of RMB 48006838.45 and Net profit of RMB -10009.1.

**Directors:**

Mr. Amitava Ghosh, Mr. Ravi Yellajosula and Mr. Mukesh Sharma are directors of the Company

**Outlook for the Current Year:**

The Company is optimistic of increasing its business in near future.

**Acknowledgments:**

Your Directors gratefully acknowledge the co-operation and assistance received from the employees, bankers, State and other Government Authorities and support from the shareholder.

**For TECH MAHINDRA (BEIJING) IT SERVICES LIMITED**

| | |
|---|---|
| **Amitava Ghosh** | **Ravi Yellajosula** |
| Chairman | Director |

Place: Beijing, China

Date : April 17, 2023

# AUDIT REPORT

All shareholders of Tech Mahindra (Beijing) IT Services Limited.

## I. Audit Opinion

We have audited the financial statements of Tech Mahindra (Beijing) IT Services Limited. (hereinafter referred to as “Mahindra Company”), including the balance sheet as at December 31, 2022, the income statement, the cash flow statement and the relevant notes to the financial statements of year 2022.

In our opinion, the attached financial statements were prepared in accordance with the provisions of the accounting standards for enterprises in all major aspects, and fairly reflected the financial situation of Mahindra Company as at December 31, 2022, as well as the operating results and cash flow of the year 2022.

## II. Basis of Forming Audit Opinions

We conducted the audit work in accordance with the auditing standards for Chinese Certified Public Accountant. The “Responsibility of Certified Public Accountant for Auditing Financial Statements” part of the audit report further elaborated our responsibilities under these standards. In accordance with the code of ethics for Certified Public Accountant in China, we were independent of Mahindra Company and have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained was sufficient and appropriate and provided a basis for issuance of audit opinions.

## III. Other Information

The management layer of Mahindra Company (hereinafter referred to as management) was responsible for other information. Other information included information covered in Mahindra Company’s 2022 annual report, but not the financial statements and our audit report.

Our audit opinions on the financial statements didn’t cover other information, nor did we publish any form of verification conclusions on other information.

In combination with our audit of the financial statements, it was our responsibility to read other information and, in the process, considering whether there was material inconsistency or seemed to be material misstatement between the other information and the financial statements or situation that we learned during the audit.

Based on the work we have performed, we should report the fact if we confirmed that there was a material misstatement in other information. In this respect, we had nothing needed to report.

## IV. Responsibilities of Management and Those Charged with Governance

The management was responsible for preparing financial statements in accordance with the provisions of the accounting standards for enterprises to achieve fair reflection and to design, implement and maintain necessary internal control, so as to make the financial statements free from material misstatement caused by fraud or error.

In preparing the financial statements, management was responsible for assessing the continuing business ability of the Mahindra company, disclosing matters related to the continuing business (if applicable), and applying the continuing business assumption, unless management planned to liquidate the Mahindra company, terminate operations or have no other realistic options.

Those Charged with Governance was responsible for supervising the financial reporting process of Mahindra Company.

## V. The Responsibility of Certified Public Accountants for Auditing Financial Statements

Our goal was to obtain reasonable assurance on whether the financial statements as a whole were free from material misstatement caused by fraud or error, and to issue an audit report containing audit opinions. Reasonable assurance was a high level of assurance, but it did not guarantee that the audit executed in accordance with the audit standards having a material misstatement can always be found. A misstatement may be caused by fraud or error, and was generally considered to be significant if it was reasonably expected that the misstatement, individually or collectively, may affect the economic decisions made by the users of the financial statements based on the financial statements.

In the process of performing the audit according to the audit standards, we exercised professional judgment and maintained professional skepticism. At the same time, we also carried out the following works.

(1) Identifying and assessing material misstatement risks in financial statements due to fraud or error, designing and implementing audit procedures to address these risks, and obtaining sufficient and appropriate audit evidence as the basis for the issuance of audit opinions. Since fraud may involve collusion, forgery, willful omission, misrepresentation or overriding internal control, the risk of a material misstatement resulting from failure to detect fraud was higher than the risk of a material misstatement resulting from failure to detect error.

(2) Understanding internal controls related to audit to design appropriate audit procedures.

(3) Evaluating the appropriateness of accounting policies adopted by management and the rationality of accounting estimates and relevant disclosures.

(4) Drawing conclusions about the appropriateness of management's use of the going concern assumption. At the same time, based on the audit evidence obtained, a conclusion can be drawn on whether there was significant uncertainty in matters or situations that may lead to significant doubts about the continuing operation ability of Mahindra Company. If we concluded that there was significant uncertainty, as the requirements of the audit standards, we should draw the attention of statement users to the relevant disclosures in the financial statements in the audit report; if the disclosure was insufficient, we should express a non-unqualified opinion. Our conclusions were based on information available as of the audit report date. However, future events or circumstances may cause the unsustainable operation of the Mahindra Company.

(5) Evaluating the overall presentation, structure and content (including disclosure) of the financial statements, and assessing whether the financial statements fairly reflected relevant transactions and events.

We made communication with governance layer on planned audit scope, time arrangement, major audit findings and other matters, including the internal control deficiencies of concern that we identified during the audit.

**Beijing Zhong Sheng Jia Hua Certified** Name of CPA:

**Public Accountants Co.,Ltd**

Beijing•China Name of CPA:
April 17 2023

TECH MAHINDRA (BEIJING) IT SERVICES LIMITED.

# BALANCE SHEET (AS OF 31 DECEMBER 2022)

Prepared by Tech Mahindra (Beijing) IT Services Limited RMB Yuan

| Assets | No. | End of period | Beginning of period | Liabilities and Shareholders Equity | No. | End of period | Beginning of period |
|---|---|---|---|---|---|---|---|
| Current assets | | | | Current liabilities: | | | |
| Cash and bank | VI.1 | 3,656,111.39 | 12,198,534.78 | Short-term loans | | | |
| Short-term investment | | | | Accounts payable | VI.11 | 492,984.13 | |
| Dividend receivable | | | | Advances on sales | | | |
| Interest receivable | | | | Employee benefits payable | VI.12 | 641,870.44 | 166,576.70 |
| Accounts receivable | VI.2 | 23,820,318.69 | 6,300,805.40 | Staff welfare fund unpaid | | | |
| Prepayments | VI.3 | 696,142.81 | 327.51 | Dividend unpaid | | | |
| Other receivables | VI.4 | 480,868.75 | 602,241.02 | Taxes payable | VI.13 | 165,339.14 | 172,149.43 |
| Subsidy receivable | | | | Other payables | VI.14 | 17,338,960.19 | 9,213,980.27 |
| Inventories | | | | Other expenses | | | |
| Deferred expenses | | | | Contingent liabilities | | | |
| Long-term investment in bonds to be expired within one year | | | | | | | |
| Other current assets | VI.5 | 356,749.77 | 1,065,483.17 | Long-term liabilities to be expired within one year | | | |
| Total current assets | | 29,010,191.41 | 20,167,391.88 | Other current liabilities | | | |
| Long-term investment: | | | | | | | |
| Long-term investment in stocks | | | | Total current liabilities | | 18,639,153.90 | 9,552,706.40 |
| Long-term investment in bonds to be expired within one year | | | | Long-term liabilities: | | | |
| Total long-term investment | | | | Long-term loans | | | |
| Fixed assets | | | | Bonds payable | | | |
| Fixed assets,at cost | | 2,224,769.19 | 1,737,466.22 | Long-term accounts payable | | | |
| Less:Accumulated depreciation | | 1,841,658.63 | 1,719,384.40 | Specific payable | | | |
| Fixed assets, net value | VI.6 | 383,110.56 | 18,081.82 | Other long-term liabilities | | | |
| Less:Provision for devaluation of fixed assets | | | | Total long-term liabilities | | | |
| Fixed assets, net amount | | 383,110.56 | 18,081.82 | Deferred taxation: | | | |
| Right of Use Assets | VI.7 | 2,807,648.84 | | Lease Liabilities | VI.15 | 2,089,123.19 | |
| Accumulated depreciation | | 910,588.81 | | | | | |
| Right of Use Assets, net amount | | 1,897,060.03 | | | | | |
| Construction materials | | | | Deferred tax, credit | VI.16 | 86,419.00 | |
| Construction in progress | | | | Total liabilities | | 20,814,696.09 | 9,552,706.40 |

Prepared by Tech Mahindra (Beijing) IT Services Limited RMB Yuan

| **Assets** | **No.** | **End of period** | **Beginning of period** | **Liabilities and Shareholders Equity** | **No.** | **End of period** | **Beginning of period** |
|---|---|---|---|---|---|---|---|
| Disposal of fixed assets | | | | | | | |
| Total fixed assets | | 2,280,170.59 | 18,081.82 | Shareholders' Equity: | | | |
| Intangible and other assets: | | | | Share capital | VI.17 | 5,574,666.02 | 5,574,666.02 |
| Intangible assets | VI.8 | 150,309.54 | | Less:Investment Returned | | | |
| Long-term prepaid expenses | VI.9 | | 34,496.80 | Paid-up capital (stock) | | 5,574,666.02 | 5,574,666.02 |
| Other deferred expenses | | | | Capital reserve | VI.18 | | 12,639.68 |
| Total intangible and other assets | | 150,309.54 | 34,496.80 | Surplus reserve | | | |
| | | | | Including: Staff welfare fund | | | |
| Deferred taxation: | | | | Undistributed profit | VI.19 | 5,069,949.30 | 5,079,958.40 |
| Deferred taxation, debit | VI.10 | 18,639.87 | | Shareholders' Equity: | | 10,644,615.32 | 10,667,264.10 |
| **Total Assets** | | **31,459,311.41** | **20,219,970.50** | **Total Liabilities and Shareholders' Equity** | | **31,459,311.41** | **20,219,970.50** |

Legal Representative:Mr. Jagdish Mitra Person in charge of accounting: Ms. Daisy Xia

Head of Accounting Department: Ms. Daisy Xia

TECH MAHINDRA (BEIJING) IT SERVICES LIMITED.

# INCOME STATEMENT( FOR THE YEAR 2022)

Prepared by Tech Mahindra (Beijing) IT Services Limited RMB Yuan

| Item | No. | Current year cumulative | Last year cumulative |
|---|---|---|---|
| 1.Principal operating revenues | VI. 20 | 48,006,838.45 | 33,049,347.20 |
| Less:operating cost | | | |
| operating tax and subsidies | | 910,130.70 | 158,967.26 |
| 2.Principal operating profit | | 47,096,707.75 | 32,890,379.94 |
| Add:Other operating profit | | | |
| Less:Operating expense | | | |
| Administration expense | | 47,241,455.42 | 33,017,452.61 |
| Financial expense | | -162,581.28 | 8,247.75 |
| 3.Operating profit | | 17,833.61 | -135,320.42 |
| Add:Investment income | | | |
| Other income | VI. 21 | 39,936.42 | 27,233.73 |
| Subsidy income | | | |
| Non-operating income | VI .22 | | 2,509.38 |
| Less:Non-operating expense | | | |
| 4.Total profit | | 57,770.03 | -105,577.31 |
| Less:Income tax | VI .23 | 67,779.13 | |
| 5.Net profit | | -10,009.10 | -105,577.31 |

Legal Representative:Mr. Jagdish Mitra Person in charge of accounting: Ms. Daisy Xia

Head of Accounting Department: Ms. Daisy Xia

# INCOME STATEMENT ( CONTINUED)

Prepared by Tech Mahindra (Beijing) IT Services Limited For the year 2022 RMB Yuan

| Item | No. | Current year cumulative | Last year cumulative |
|---|---|---|---|
| Six, Net profit | | -10,009.10 | -105,577.31 |
| plus one Beginning balance of Retained Earnings | | 5,079,958.40 | 5,185,535.71 |
| ( two) Surplus to compensate for loss | | | |
| ( three) Other adjustment factor | | | |
| Seven, Profit available for distribution | | 5,069,949.30 | 5,079,958.40 |
| Less: ( one ) statutory surplus reserve | | | |
| ( two) The statutory public welfare fund | | | |
| ( three) Staff bonus and welfare fund | | | |
| four Withdrawal reserve fund | | | |
| five Appropriation of Enterprise Expansion Fund | | | |
| six Profit capitalized on return of investment | | | |
| seven Supplementary current capital | | | |
| eight Single retained profit | | | |
| nine Other | | | |
| Eight, Distributable profit for investors | | 5,069,949.30 | 5,079,958.40 |
| Less: Dividend payable on preferred stock | | | |
| two Discretionary surplus reserve | | | |
| three Common stock dividends payable (profits payable) | | | |
| fourTransferred to capital (capital stock) common stock dividend | | | |
| five Other | | | |
| Nine, Undistributed profits | | 5,069,949.30 | 5,079,958.40 |
| Aong which,Annual pre-tax profits after irreparable loss. | | | |
| Supplementary information | | | |
| One, sale, disposal or investment sector units proceeds | | | |
| Two, the loss of natural disasters (loss to "+" to fill a column) | | | |
| Three, changes in accounting policies influence the profit total amount | | | |
| Four, change in accounting estimate affects the profit total amount | | | |
| Five, debt recombination losses (loss to "+" to fill a column) | | | |
| Six, other non-recurring gains and losses (gains with "+" to fill a column) | | | |

Legal Representative:Mr. Jagdish Mitra Person in charge of accounting: Ms. Daisy Xia

Head of Accounting Department: Ms. Daisy Xia

TECH MAHINDRA (BEIJING) IT SERVICES LIMITED.

# CASH FLOW STATEMENT (FOR THE YEAR ENDED DECEMBER 31,2022)

Prepared by Tech Mahindra (Beijing) IT Services Limited RMB Yuan

| Items | No. | Amount |
|---|---|---|
| **1. Cash flows from operating activities** | | |
| Cash inflow from sale of goods and provision of services | 1 | 34,011,719.47 |
| Repayment of tax received | 2 | 1,024,663.55 |
| Other cash inflow relating to operating activities | 3 | 101,569.20 |
| Total cash inflow | 4 | 35,137,952.22 |
| Payments for purchase of goods and receipt of services | 5 | |
| Payments to and for staff | 6 | 24,288,907.96 |
| Taxation paid | 7 | 1,042,514.51 |
| Other Payments relating to operating activities | 8 | 17,851,853.79 |
| Total cash outflow | 9 | 43,183,276.26 |
| Net cash inflow/outflow generated from operations | 10 | -8,045,324.04 |
| **2. Cash flow from investing activities** | 11 | |
| Cash inflow from retirement of investment | 12 | |
| Cash inflow from profit of investment | 13 | |
| Cash gain of disposal of fixed assets, intangible assets, and other long-term investment | 14 | |
| Other proceeds relating to investment activities | 15 | |
| Total cash inflow | 16 | |
| Purchase of fixed assets, intangible assets and other long-term assets | 17 | 673,894.13 |
| Cash paid for investment | 18 | |
| Other cash paid relating to investment activities | 19 | |
| Total cash outflow | 20 | 673,894.13 |
| Net cash inflow/outflow generated from investment activities | 21 | -673,894.13 |
| **3. Cash flows from financing activities:** | 22 | |
| Absorption of investment | 23 | |
| Borrowings raised | 24 | 3,000,000.00 |
| Other cash inflow relating to financing activities | 25 | |
| Total cash inflow | 26 | 3,000,000.00 |
| Borrowings repaid | 27 | 3,000,000.00 |
| Dividend, interest and profit paid | 28 | |
| Other cash outflow relating to financing activities | 29 | |
| Total cash outflow | 30 | 3,000,000.00 |
| Net cash inflow/outflow generated from financing activities | 31 | - |
| **4. Influence of fluctuation of echange rate** | 32 | 176,794.78 |
| **5. Net increase in cash and cash equivalents** | 33 | -8,542,423.39 |

Legal Representative:Mr. Jagdish Mitra Person in charge of accounting: Ms. Daisy Xia

Head of Accounting Department: Ms. Daisy Xia

# CASH FLOW STATEMENT (FOR THE YEAR ENDED DECEMBER 31, 2022)

Supplementary information

Prepared by Tech Mahindra (Beijing) IT Services Limited — RMB Yuan

| Supplementary information | No. | Amount |
|---|---|---|
| **1. Adjustment of net profit to cash flows generated from operations:** | | |
| Net profit | 34 | -10,009.10 |
| Add:Provision for devaluation of assets | 35 | |
| Depreciation of fixed assets | 36 | 1,032,863.04 |
| Amortization of intangible assets | 37 | 36,281.62 |
| Amortization of long-term expense | 38 | 34,496.80 |
| Decrease of deferred expenses (Less: increase) | 39 | |
| Increase of pre-paid expense (Less: decrease) | 40 | |
| Loss on disposal of fixed assets, intangible assets and other long-term assets (less: gain) | 41 | |
| Loss on retirement of fixed assets | 42 | |
| Financial expense | 43 | |
| Investment loss (less:investment gain) | 44 | |
| Deferred tax, credit (less: debit) | 45 | -18,639.87 |
| Decrease of inventories (less: increase) | 46 | |
| Decrease of receivables in operations (less: increase) | 47 | -18,130,432.09 |
| Increase of payables in operations (less: decrease) | 48 | 9,009,982.39 |
| Others | 49 | - |
| Net cash inflow/outflow generated from operations | 50 | -8,063,098.96 |
| **2. Investing and financing activities not relating to cash flows** | 51 | |
| Capital transferred from liabilities | 52 | |
| Transferable bonds to be expired within one year | 53 | |
| Fixed assets transferred from financing activities | 54 | |
| **3. Net increase in cash and cash equivalents** | 55 | |
| Cash and bank balances at end of period | 56 | 3,656,111.39 |
| Less: Cash and bank balances at beginning of period | 57 | 12,198,534.78 |
| Cash equivalent at end of period | 58 | - |
| Less: Cash equivalent at beginning of period | 59 | - |
| Net increase in cash and cash equivalents | 60 | -8,542,423.39 |

Legal Representative:Mr. Jagdish Mitra    Person in charge of accounting: Ms. Daisy Xia

Head of Accounting Department: Ms. Daisy Xia

**TECH MAHINDRA (BEIJING) IT SERVICES LIMITED**

**Notes to financial statements**

**31 Dec. 2022**

**(The currency are presented in RMB except otherwise stated)**

## I. The Company's General Profile

As a wholly foreign-owned enterprises, Tech Mahindra (Beijing) IT Services Limited was invested and established by Tech Mahindra Limited. The Company was approved to be established by Beijing Municipal Government according to policy document SWZJZZ[2007]No.05422, obtained Enterprise's Legal Person Registration in the Industry and Commerce Administration Bureau of Beijing on Sep.25, 2007 with the Business License 91110105666903783P.The registered capital of the company is US$2,500,000.00.The Company's registered address is 2201 room, Building 8, No. 25 Ganluyuan nanli, Chaoyang District, Beijing. Legal representative: Mr. Jagdish Mitra.

Scope of Business: Technical services, technical advice, design, development, production and computer networking, telecommunications and electronic technology-related applications; product sales of assets.

## II. Basis of Preparation

### 1 Basis of preparation

The financial statement is prepared under going concern assumption based on the actual transactions taking place which is required by ASBE (Accounting Standards for Business Enterprise) and its application guidelines, explanatory notes and other relevant regulations issued by the Ministry of Finance of PRC.

According to the relevant rules in the ASBE, accounting measurement of our company is based on accrual basis. This financial statement use historical cost as the measurement basis, except for the financial assets. If impairment is taking place, our company will account for the impairment according to relevant rules.

### 2 Going concern

This financial statement is presented under going concern assumption, our company has the ability to operate continuously at least 12 months from balance sheet date.

## III. Compliance of Accounting Standards of Business Enterprises

The financial statements prepared by the Company are subject to requirements from the Accounting Standards and present fairly the Company's financial position, operation results, cash flow and other related information.

## IV. Significant Accounting Policies and Accounting Estimates

### 1. Accounting period

The accounting period of the Company is from 1 January to 31 December.

### 2. Operating period

Normal operating period is the period from acquiring asset for processing to the realization of cash and cash equivalent. Our company use 12 months as an operating period and use this as a standard to categorize the liquidity of asset and liability.

### 3. Book-keeping Currency

The company's financial records and the financial statements are stated in Renminbi.

### 4. The categorization standard of cash and cash equivalent

Cash and cash equivalent in our company include cash, cash in bank that can be used at any time and investment we held which is short period, usually 3 months from purchase to maturity, strong liquidity, easy to transfer to any pre-determined amount of cash and low risk of value fluctuation.

**5. Foreign exchange translation**

(1) The translation method of foreign transaction

The foreign transaction in our company, in initial recognition, should be translated to presentation currency according to the exchange rate on the transaction date, however, the foreign currency exchange or other transactions involved foreign currency exchange business should be translated using actual exchange rate in the transaction.

(2) The translation method involving foreign currency monetary and non-monetary items

At balance sheet date, for foreign currency monetary items, we use exchange rate at balance sheet date, and for the exchange rate differences, we accounted for in profit and loss, except: a. foreign currency borrowing cost related to acquire asset that can be capitalized should be treated under borrowing cost capitalization rules; b. for foreign currency monetary items available for sale, apart from the exchange differences caused by other current amount changes than amortized cost that should be accounted for in other comprehensive income, other differences should also be accounted for in profit and loss

For foreign currency non-monetary items measured by historical cost, we still use presentation currency translated by the exchange rate at transaction date. For foreign currency non-monetary items measured by fair value, we use the exchange rate at the fair value determination date. The differences between the presentation currency after translation and the original presentation currency should be accounted for in profit and loss or other comprehensive income as fair value changes (including exchange rate changes.

(3) Translation method of foreign currency financial statements

When consolidated financial statements involve overseas operation, if the operation is foreign currency monetary items due to net investment in overseas operation, the exchange differences due to exchange rate fluctuation should be accounted for in other comprehensive income as foreign currency financial statements exchange differences; in the case of overseas operation disposal, the differences should be accounted for in the profit and loss

The foreign currency financial statement of overseas operation should be translated to Renminbi financial statements using the following method: for assets and liabilities in the Statement of Financial Position, we use exchange rate at balance sheet date; for shareholder’s equity, apart from retained earnings, other items should use the exchange rate at the date when it is happened. For income and expenses items in the income statement, we use weighted average exchange rate at the transaction date. The opening balance of retained earnings is the ending balance of the previous year after translation; the ending balance of retained earnings is presented by calculation under profit distribution items after translation; the differences between total asset and total liability and equity should be accounted for in other comprehensive income as foreign currency financial statements exchange differences. When we dispose of overseas operation and lose control, the foreign currency financial statements exchange differences related to overseas operation presented under shareholder’s equity in the Statement of Financial Position should be, all or in proportion according to the percentage of overseas operation disposed of, transferred into profit and loss.

For foreign currency cash flow, we use weighted average exchange rate at the date of cash inflow or outflow to translate and the differences should be presented in the Statement of cash flows as an adjusted item.

The opening balance and the actual amount of the previous period should be presented using the amount after translation of the financial statement of previous period.

When we dispose of all shareholder’s equity of overseas operation or lose control due to disposal of partial investment or other reasons, the foreign currency financial statements exchange differences of shareholder’s equity belongs to the parent company under shareholder’s equity in the Statement of Financial Position should be transferred into profit and loss in full.

When we dispose partial investment or other reason that results of lower percentage of shareholding of overseas operation without losing control, the differences of foreign currency financial statement should be accounted for as minority shareholding rather than profit and loss. When the disposal of overseas operation is partial investment of associate or joint venture, the differences of foreign currency financial statement related to this operation should be transferred into profit and loss in proportion to the percentage of disposal.

6. **Financial Instrument**

A financial asset or financial liability is recognized when the Company becomes a party to a financial instrument contract.

(1) Classification, confirmation and measurement of financial assets

According to the business mode of managing financial assets and the contractual cash flow characteristics of financial assets, the Company divides financial assets into: Financial assets measured at amortized cost. Financial assets measured at fair value with changes included in other comprehensive income. Financial assets are measured at fair value and whose movements are included in the current profits and losses.

Financial assets are measured at fair value at initial recognition. For financial assets measured at fair value and whose changes are included in current profits and losses, relevant transaction costs are directly included in current profits and losses. For other types of financial assets, relevant transaction costs are included in the initial recognition amount. Accounts receivable or notes receivable arising from the sale of products or the provision of labor services that do not contain or take into account significant financing components shall be initially recognized by the Company in accordance with the amount of consideration that the Company is expected to be entitled to receive.

Financial assets measured at amortized cost

The Company's business model of managing financial assets measured in amortized cost is aimed at collecting contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements, that is, the cash flow generated on a specific date is only the payment of principal and interest based on the unpaid principal amount. For such financial assets, the Company adopts the effective interest rate method and carries out subsequent measurement according to amortized cost. The profits or losses arising from amortization or impairment are included into the current profits and losses.

Financial assets measured at fair value with changes included in other comprehensive income

The Company's business model for managing such financial assets is to collect and sell contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. The Company measures these financial assets at fair value and their changes are included in other comprehensive income, but impairment loss or gain, exchange gain or loss and interest income calculated according to the effective interest rate method are included into the current profit and loss.

In addition, the Company designates some non-tradable equity instrument investments as financial assets measured at fair value with changes included in other comprehensive income. The Company shall record the relevant dividend income of such financial assets into the current profits and losses, and the change of fair value into other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained income and will not be included in current profits and losses.

Fair value through Profit and Loss Financial assets

The Company classifies the above financial assets measured at amortized cost and financial assets measured at fair value with changes included in other comprehensive income into financial assets measured at fair value with changes included in current profits and losses. In addition, during initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Company designated part of financial assets as financial assets measured at fair value with changes included in current profit and loss. For such financial assets, the Company adopts fair value for subsequent measurement, and the changes in fair value are included into the current profit and loss.

(2) Classification, recognition and measurement of financial liabilities

Financial liabilities upon initial recognition are classified as financial liabilities which are measured at fair value and whose changes are included in current profits and losses and other financial liabilities. For the financial liabilities measured at fair value with the changes included into the current profits and losses, the relevant transaction costs are directly included into the current profits and losses, and the relevant transaction costs of other financial liabilities are included in the initial recognition amount.

Fair value through Profit and Loss Financial liabilities

Financial liabilities measured at fair value with changes included in current profits and losses, which include transactional financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated to be measured at fair value with changes included in current profits and losses at initial recognition.

Trading financial liabilities (including derivatives belonging to financial liabilities) are subsequently measured according to their fair values. Except for those related to hedge accounting, changes in fair values are included in current profits and losses.

Financial liabilities designated to be measured at fair value with changes included in current profits and losses. Changes in the fair value of this liability caused by changes in the Company's own credit risk are included in other comprehensive income. When the liability is derecognized, the accumulated change in fair value caused by changes in its own credit risk included in other comprehensive income is transferred to retained earnings. Changes in fair value are accounted into current profits and losses. If the above-mentioned treatment of the impact of changes in the credit risk of these financial liabilities will cause or expand accounting mismatch in profits and losses, the Company will include all profits or losses of the financial liabilities (including the impact amount of changes in the credit risk of the enterprise itself) into the current profits and losses.

Other financial liabilities

Except for financial liabilities and financial guarantee contracts formed by the transfer of financial assets that do not meet the conditions for termination of recognition or continue to be involved in the transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortized cost and subsequently measured at amortized cost. Gains or losses arising from termination of recognition or amortization are included in current profits and losses.

(3) Basis of Confirmation and Calculation of financial instruments

Financial assets shall be derecognized if they meet one of the following conditions: □ The termination of the contractual right to receive cash flow from the financial asset. □ The financial asset has been transferred, and almost all risks and rewards related to the ownership of the financial asset have been transferred to the transferee. □ The financial asset has been transferred. Although the enterprise has neither transferred nor retained almost all risks and rewards in the ownership of the financial asset, it has given up its control over the financial asset.

If the enterprise neither transfers nor retains almost all the risks and rewards of the ownership of the financial assets, and does not give up the control over the financial assets, the relevant financial assets shall be recognized according to the extent of continuous involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly. The degree of continuous involvement in the transferred financial assets refers to the risk level faced by the enterprise due to the change in the value of the financial assets.

If the overall transfer of financial assets meets the conditions for termination of recognition, the difference between the book value of the transferred financial assets and the sum of the consideration received due to the transfer and the accumulated amount of changes in fair value originally included in other comprehensive income shall be included into the current profits and losses.

If the partial transfer of financial assets meets the conditions for termination of recognition, the book value of the transferred financial assets shall be apportioned according to its relative fair value between the derecognized part and the non-derecognized part, and the difference between the sum of the consideration received due to the transfer and the accumulated change in fair value originally included in other comprehensive income that shall be apportioned to the derecognized part and the allocated aforesaid book amount shall be included into the current profits and losses.

For financial assets sold by the Company with recourse, or for endorsement and transfer of held financial assets, it is necessary to determine whether almost all risks and rewards in the ownership of the financial assets have been transferred. If almost all risks and rewards in the ownership of the financial asset have been transferred to the transferee, the recognition of the financial asset shall be terminated. If almost all risks and rewards on the ownership of a financial asset are retained, the recognition of the financial asset shall not be terminated. If almost all risks and rewards related to the ownership of financial assets have not been transferred or retained, it shall continue to judge whether the enterprise retains control over the assets and carry out accounting treatment according to the principles mentioned in the preceding paragraphs.

(4) Termination of recognition of financial liabilities

If the current obligation of the financial liability (or part thereof) has been relieved, the Company terminates the recognition of the financial liability (or part thereof). The Company (the borrower) and the lender sign an agreement to replace the original financial liabilities by assuming new financial liabilities. If the contract terms of the new financial liabilities and the original financial liabilities are substantially different, the original financial liabilities shall be derecognized and a new financial liability shall be recognized at the same time. If the Company makes any substantial modification to the contract terms of the original financial liability (or part thereof), the original financial liability shall be derecognized and a new financial liability shall be recognized in accordance with the modified terms.

If financial liabilities (or part thereof) are derecognized, the Company shall include the difference between its book value and the consideration paid (including transferred non-cash assets or liabilities assumed) into the current profits and losses.

(5) Offset of financial assets and financial liabilities

When the Company has the legal right to offset the recognized amount of financial assets and financial liabilities, and such legal right is currently enforceable, and the Company plans to settle the financial assets on a net basis or realize the financial assets and settle the financial liabilities at the same time, the financial assets and financial liabilities are listed in the balance sheet at a net amount after mutual offset. In addition, financial assets and financial liabilities shall be listed separately in the balance sheet and shall not be offset against each other.

(6) The fair value determination method of financial assets and financial liabilities

Fair value refers to the price that market participants can receive from selling an asset or pay to transfer a liability in an orderly transaction on the measurement date. Where there is an active market for financial instruments, the Company adopts quotations in the active market to determine their fair values. Quoted price in active market refers to the price easily obtained from exchanges, brokers, industry associations, pricing service agencies, etc. on a regular basis, and represents the price of market transactions actually occurred in fair trading. If there is no active market for financial instruments, the Company uses evaluation techniques to determine their fair values. Evaluation techniques include reference to prices used in recent market transactions by parties familiar with the situation and willing to trade, reference to current fair values of other financial instruments that are substantially the same, discounting cash flow technique, option pricing model, etc. In valuation, the Company adopts valuation techniques that are applicable under current circumstances and are supported by sufficient available data and other information, selects input values that are consistent with the characteristics of assets or liabilities considered by market participants in transactions related to assets or liabilities, and gives priority to the use of relevant observable input values as much as possible. If the relevant observable input value cannot be obtained or it is not impracticable to obtain it, the non-input value shall be used.

(7) Equity instruments

Equity instruments refer to contracts that can prove ownership of the Company’s residual equity in assets after deducting all liabilities. The issuance (including refinancing), repurchase, sale or cancellation of equity instruments by the Company are treated as changes in equity, and transaction costs related to equity transactions are deducted from equity. The Company does not recognize changes in the fair value of equity instruments.

Dividends (including “interest” generated by instruments classified as equity instruments) distributed by the Company’s equity instruments during their existence shall be treated as profit distribution.

**7. Receivables**

Receivables include notes receivables, trade receivables and other receivables, etc.

(1) Standards for confirming doubtful debt

- The death or bankruptcy of the debtor, whose receivables still cannot be recovered after the debt has been paid off by his/her bankruptcy assets or heritage.

- Debt still cannot be recovered after three years of overdue debt owed by the debtor.

(2) The measurement method we use is allowance method.

**8. Fixed Assets**

(1) Confirmation conditions for fixed assets

Fixed Assets refer to tangible assets held for the purpose of producing goods, providing labor services, renting or operating management, and having a service life of more than one fiscal year. Fixed assets are recognized only when the economic benefits associated with them are likely to flow into the Company and their costs can be reliably measured. Fixed assets are initially measured at cost and taking into account the impact of projected abandonment costs.

(2) Categorization of fixed assets

Fixed assets can be divided into Property, Plant and Equipment, Transportation vehicle, Land, Office equipment, Electronic devices, etc.

(3) Initial Measurement of fixed asset

Fixed asset will be measured at historical cost.

(4) Depreciation methods for various types of fixed assets

a . Fixed assets are depreciated over their useful lives using the straight-line method from the month following the scheduled availability. The service life, estimated net residual value and annual depreciation rate of various fixed assets are as follows:

| Category | Depreciation Method | Depreciation period (Year) | Residual rate(%) | Annual depreciation rate (%) |
|---|---|---|---|---|
| Electronic equipment | straight-line depreciation | 3 | 0 | 33.33 |

b. The estimated net residual value refers to the expected state after the estimated useful life of the fixed assets has expired and is at the end of its useful life. The amount currently obtained by the Company from the disposal of the assets after deducting the estimated disposal expenses.

c. Impairment test method and Impairment provision method for fixed assets

For details of Impairment test method and impairment provision method for fixed assets, please refer to "Long-Term Asset Impairment".

d. Recognition basis and valuation method of fixed assets acquired by finance lease

A finance lease is a lease that transfers substantially all the risks and rewards associated with ownership of an asset, and its ownership may or may not be transferred. If it is reasonable to determine the ownership of the leased asset at the expiration of the lease term, the depreciation shall be calculated within the useful life of the leased asset; If it is not reasonable to determine the ownership of the leased asset at the expiration of the lease term, depreciation shall be calculated within a relatively short period of the lease term and the service life of the leased assets.

e. Others

The subsequent expenses related to fixed assets, if the economic benefits related to the fixed assets are likely to flow in and their costs can be reliably measured, are included in the cost of fixed assets and the book value of the replaced part should be terminated. The subsequent expenditures other than mentioned as above are recognized in profit or loss in the period in which they are incurred.

The fixed asset is derecognized when the fixed asset is in disposal or is not expected to generate economic benefits by using or disposal. The difference between the disposal income from the sale, transfer, retirement or damage of the fixed assets less the carrying amount and related taxes is recognized in profit or loss for the current period.

The Company reviews the useful life, estimated net residual value and depreciation method of fixed assets at least at the end of the year, and changes as an accounting estimate if changes occur.

**9. Construction in progress**

The cost of construction in progress is determined based on actual project expenditure, including various project expenditures incurred during the construction period, capitalized borrowing costs before the project reaches the expected usable status, and other related expenses. Construction in progress is carried forward to fixed assets when it is ready for its intended use.

For details of the impairment test method and impairment provision method for construction in progress, please refer to “Long-Term Asset Impairment”.

**10. Intangible Assets**

(1) Intangible assets

Intangible assets refer to identifiable non-monetary assets without physical form owned or controlled by the Company.

Intangible assets are initially measured at cost. Expenditure related to intangible assets is included in the cost of intangible assets if the relevant economic benefits are likely to flow to the Company and its costs can be measured reliably. Expenditure on other items other than this is recognized in profit and loss when incurred.

The acquired land use rights are usually accounted for as intangible assets. The related land use rights and building construction costs of self-developed and constructed buildings are accounted for as intangible assets and fixed assets, respectively. In the case of purchased houses and buildings, the relevant price is distributed between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them are treated as fixed assets.

Since the intangible assets with limited useful life are available for use, the original value minus the estimated net residual value and the accumulated amount of impairment reserve shall be amortized by the straight-line method during their expected service life. Intangible assets with uncertain service life shall not be amortized.

At the end of the period, the useful life and amortization methods of intangible assets with limited useful life are reviewed, and if any change occurs, it is treated as a change of accounting estimate. In addition, the useful life of intangible assets with uncertain service life is also reviewed. If there is evidence that the period for which the intangible assets bring economic benefits to the enterprise is foreseeable, the useful life of intangible assets is estimated and amortized according to the amortization policy of intangible assets with limited useful life

(2) Research and development expenditure

The company’s expenditure for internal research and development project is divided into research phase expenditure and development phase expenditure.

Expenditures for the research phase shall be recognized in profit or loss when incurred.

Expenditures for the development phase that meet the following conditions shall be recognized as intangible assets, and expenditures in the development stage that fail to meet the following conditions are included in current profit and loss:

a. It is technically feasible to complete the intangible asset to enable it to be used or sold.

b. The intent to complete the intangible asset and use or sell it;

c. The way in which intangible assets generate economic benefits, including the ability to prove that the products produced from the intangible assets having a market or the intangible assets having a market, and the intangible assets will be used internally, which can prove its usefulness;

d. sufficient technical, financial resources and other resources for supporting the development of the intangible assets and the ability to use or sell the intangible assets.

e. Expenditure attributable to the development phase of the intangible asset can be reliably measured.

(3) Impairment test method and Impairment provision method for intangible assets

For details of the impairment test method and impairment provision method, please refer to "Long-Term Asset Impairment".

**11. Long-term deferred expenses**

The long-term deferred expenses are all expenses that have occurred but shall be borne by the reporting period and subsequent periods with amortization period of more than one year. The company's long-term deferred expenses mainly include lease of land use right and renovation costs of factory building. Long-term deferred expenses are amortized on a straight-line basis over the estimated benefit period.

**12. Employee Compensation**

The Company's employee compensation mainly includes short-term employee remuneration, Post-employment Benefits, Termination Benefits and benefits for other long-term employee. Among them:

Short-term employees remuneration mainly includes wages, bonuses, allowances and subsidies, employee welfare fees, medical insurance premiums, maternity insurance premiums, work injury insurance premiums, housing fund, labor union funds, employee education funds, and non-monetary benefits. The Company recognizes the actual short-term employee's remuneration as a liability in the accounting period in which employees provide services to the Company and recognizes them in profit or loss or related asset costs. Non-monetary benefits are measured at fair value.

Post-employment Benefits mainly include basic retirement security, unemployment insurance, and annuities. The Post-employment Benefit Scheme includes a Defined Contribution Plan and a Defined Benefit Plan. If a Defined Contribution Plan is adopted, the corresponding amount of the deposit shall be included in the relevant asset cost or current profit and loss as incurred. (1) The Defined Contribution Plan is recognized as a liability based on a fixed fee paid to an independent fund and is included in the current profit and loss or related asset costs; (2) The Defined Benefit Plan is accounted for using the expected cumulative benefits unit method Specifically, the Company will convert the welfare obligation arising from the Defined Benefit Plan into the final value of the departure time according to the formula determined by the expected cumulative benefits unit method; then it is attributed to the employee's in-service period and is included in the current profit and loss or related asset cost.

If the labor relationship with the employee is terminated before the employee's labor contract expires, or if the employee is encouraged to accept the reduction voluntarily, when cannot withdrawing unilaterally the dismissal benefits provided by the termination of the labor relationship plan or the reduction proposal, and when confirming the costs associated with the restructuring involving the payment of the dismissal benefits, whichever is earlier, the Company will recognize the employee compensation liabilities arising from the dismissal benefits, and included in the current profit and loss. However, if the dismissal benefits are not expected to be fully paid within 12 months after the end of annual reporting period, they shall be treated in accordance with other long-term employee compensations.

The internal retirement plan for employees shall be treated in the same way as the above-mentioned dismissal benefits. The company will pay the internal retired staff the salary and the social insurance premiums from the employee's lay-off to normal retirement, and will include in the current profit and loss (dismissal benefits) when the conditions of the estimated liabilities are met.

If the other long-term employee benefits provided by the Company to the employees are in line with the Defined Contribution Plan, they shall be accounted for Defined Contribution Plan, and otherwise accounted for the Defined Benefit Plan.

**13. Income**

The company confirms the realization of the business revenue as per the following regulations, keeps accounts as per the realized income and records into the current profits and losses.

(1) Commodity Sales Revenue

When the main risks and rewards of commodity ownership is transferred to the buyer without retaining the continuing management rights usually associated with the ownership and without effectively controlling of the sold commodity, if the amount of revenue can be reliably measured, and the relevant economic benefits are likely flow into enterprise and the relevant costs incurred or will be incurred can be reliably measured, the sales revenue of commodities shall be confirmed.

(2) Income from labor services

In the case the results of the labor service transaction can be reliably estimated, the labor income provided is confirmed on the balance sheet date according to the percentage of completion method. The completion progress of the labor transaction is determined by the ratio of the completed work or the proportion of the labor service provided to the total labor service, or by the ratio of labor costs incurred to the estimated total cost.

Reliable estimates of results of the labor transactions provided mean that it can be simultaneously met a.) The amount of income can be measured reliably; b.) Relevant economic benefits are likely to flow into the enterprise; c.) The degree of completion of the transaction can be determined reliably, d.) The costs that have occurred and will occur in the transaction can be measured reliably.

(3) Revenue from charge for use

Revenue shall be recognized on an accrual basis in accordance with the relevant contract or agreement.

**14. Government grants**

Government grant refers to the company's acquisition of monetary and non-monetary assets from the government free of charge, excluding the capital invested by the government as an investor and enjoying the corresponding owner's rights and interests. Government grants include assets-related grants and revenue-related grants.

Government grants related to assets are recognized as deferred earnings and are divided into current profits and losses in a reasonable and systematic way during the service life of the assets concerned. The government grants related to revenue, which are used to compensate for the related cost or loss in the subsequent period, shall be recognized as deferred income, and shall be recognized in profit or loss in the period in which the related costs or losses are recognized; if it is used to compensate the related costs or losses that has occurred, it shall be directly recognized in the current profit and loss.

Government grants related to the daily activities of the Company shall be included in other income or cost deductions according to the nature of the economic business; government subsidies unrelated to daily activities shall be included in the non-operating revenues and expenses.

When the recognized government grants need to be returned, if there are relevant deferred earnings balances, the book balance of related deferred earnings shall be deducted, and the excess part shall be included in the current profits and losses or the book value of assets shall be adjusted, otherwise, the book value of assets shall be directly included in the current profits and losses.

**15. Deferred Income Tax Assets / Deferred Income Tax Liabilities**

(1) Current Income Tax

On the balance sheet date, the current income tax liabilities (or assets) formed in the current and previous periods are measured by the expected amount of income tax payable (or returned) in accordance with the provisions of the Tax Law. The amount of taxable income on which current income tax expenses are calculated is based on the corresponding adjustment of pre-tax accounting profits in the reporting period in accordance with the relevant tax laws.

(2) Deferred Income Tax Assets and Deferred Income Tax Liabilities

The difference between the book value of certain assets and liabilities and their tax basis, and the temporary difference between the book value of items that are not recognized as assets and liabilities but which can be determined as their tax basis according to the tax law, are confirmed by the balance sheet liability method.

Taxable temporary differences which related to the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction that is neither a business combination nor an accounting profit or taxable income (or deductible loss), relevant deferred income tax liabilities shall not be recognized. In addition, for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, if the Company is able to control the turnaround time of temporary differences, and the temporary difference is unlikely to be reversed in the foreseeable future, the related deferred income tax liabilities shall not be recognized. Except for the above exceptions, the Company recognizes all other deferred income tax liabilities arising from taxable temporary differences.

Taxable temporary differences which related to the initial recognition of an asset or liability arising from a transaction that is neither a business combination nor an accounting profit or taxable income (or deductible loss), relevant deferred income tax liabilities shall not be recognized. In addition, for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, if the temporary difference is unlikely to be reversed in the foreseeable future, or the amount of taxable income used to offset the temporary difference is unlikely to be obtained in the future, the deferred income tax assets concerned shall not be recognized. Except for the above exceptions, the Company recognizes other deferred income tax assets that can offset temporary differences, subject to the amount of taxable income that is likely to be obtained to offset temporary differences.

For deductible losses and tax credits that can be carried forward in subsequent years, the corresponding deferred income tax assets are recognized to the extent that it is probable that the future taxable income shall be used to offset the deductible losses and tax credits.

On the balance sheet date, the deferred income tax assets and deferred income tax liabilities shall be measured at the applicable tax rates in the period in which the related assets are recovered or the related liabilities are recovered in accordance with the tax laws.

On the balance sheet date, the book value of deferred income tax assets is reviewed. and the book value of deferred income tax assets is written down if it is likely that sufficient taxable income will not be available to offset the benefits of deferred income tax assets in the future. When it is possible to obtain sufficient taxable income, the amount written down shall be reversed.

(3) Income tax expenses

Income tax expenses include current income tax and deferred income tax.

In addition to recognizing that the current income tax and deferred income tax related to other transactions and matters directly included in shareholder’s rights and interests shall be recognized in other comprehensive income or shareholder’s rights and interests, and the book value of adjusted goodwill from deferred income tax resulting from the merger of enterprises, the other current income tax and deferred income tax expenses or gains shall be recognized in profit or loss for the current period.

(4) Offset of Income Tax

When the company has legal rights to settle on a net basis, and intends to settle on a net basis or acquire assets and pay off liabilities at the same time, the company’s current income tax assets and current income tax liabilities shall be presented on a net basis after the offset.

When it has the legal right to settle current income tax assets and current income tax liabilities on a net basis, and deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same tax administration department on the same tax payer or to different tax payers, but in the future, during each important period of deferred income tax assets and liabilities being reversed, the taxpayer involved intends to settle the current income tax assets and liabilities on a net basis, or acquire assets and pay off liabilities simultaneously, the deferred the income tax assets and deferred income tax liabilities of the Company shall be presented on a net basis after offset.

**16. Changes in significant accounting policies and estimates**

(1) Changes of accounting policies

There is no change of accounting policies for the current year.

(2) Changes of significant accounting estimates

There is no significant accounting estimate this year.

## V. Taxation

1 The company mainly taxes and tax rates

| Tax | Specific tax rate |
|---|---|
| Value-added tax (VAT) | Taxable income is calculated as output tax at the rate of 6%, and VAT is calculated as the difference after deducting the input tax allowed to be deducted in the current period. |
| City construction tax | According to the actual payment of turnover tax 7% |
| Surcharge for education | According to the actual payment of turnover tax 3% |
| Local education surcharge | According to the actual payment of turnover tax 2% |
| Enterprise Income Tax | According to 25% of taxable income |
| Individual income tax | Excess progressivity |

According to the “Notice on Implementing Inclusive Tax Reduction and Exemption Policies for Small and Micro Enterprises” (Cai Shui [2019] No. 13) issued by the Ministry of Finance and the State Administration of Taxation, the Company will enjoy preferential tax policies for small and micro enterprises in 2022.

## VI. Main Notes to the Financial Statements

The following notes (including notes of major items in the company’s financial statements) refer to December 31, 2021 as the beginning of the year, December 31, 2022 as the end of the year, 2022 in the current period and 2021 in the previous period unless otherwise specified.

### 1. Cash and bank

| Item | Closing balance | Beginning balance |
|---|---:|---:|
| Cash in bank | 3,656,111.39 | 12,198,534.78 |
| Total | 3,656,111.39 | 12,198,534.78 |

### 2. Accounts receivable

| Item | Closing balance | Beginning balance |
|---|---:|---:|
| Accounts receivable | 23,820,318.69 | 6,300,805.40 |
| Total | 23,820,318.69 | 6,300,805.40 |

(1) Accounts receivable

Classified disclosure of accounts receivable

| **Category** | **Closing balance** | | | | |
|---|---|---|---|---|---|
| | **Book balance** | | **Bad-debt provision** | | **Book value** |
| | **Amount** | **Proportion %** | **Amount** | **Total proportion %** | |
| Receivables with significant single amount and provision for bad debts separately | | | | | |

| Category | Closing balance | | | | |
|---|---|---|---|---|---|
| | Book balance | | Bad-debt provision | | Book value |
| | Amount | Proportion % | Amount | Total proportion % | |
| Receivables with provision for bad debts according to the combination of credit risk characteristics | 23,820,318.69 | 100.00 | | | 23,820,318.69 |
| **Total** | **23,820,318.69** | **100.00** | | | **23,820,318.69** |

(Continued)

| Category | Beginning balance | | | | |
|---|---|---|---|---|---|
| | Book balance | | Bad-debt provision | | Book value |
| | Book balance | Proportion (%) | Amount | Total proportion(%) | |
| Receivables with significant single amount and provision for bad debts separately | | | | | |
| Receivables with provision for bad debts according to the combination of credit risk characteristics | 6,300,805.40 | 100.00 | | | 6,300,805.40 |
| Total | 6,300,805.40 | 100.00 | | | 6,300,805.40 |

In the portfolio, accounts receivable for which bad debt provision is accrued according to aging analysis method.

| Aging | Closing balance | | |
|---|---|---|---|
| | Accounts receivable | Bad-debt provision | Total proportion(%) |
| Within one year | 23,820,318.69 | | |
| Total | 23,820,318.69 | | |

(Continued:)

| Aging | Beginning balance | | |
|---|---|---|---|
| | Accounts receivable | Bad-debt provision | Total proportion(%) |
| Within one year | 6,300,805.40 | | |
| Total | 6,300,805.40 | | |

3. **Prepayments**

(1) Prepayments are presented by age

| Aging | Closing balance | | Beginning balance | |
|---|---|---|---|---|
| | Amount | Proportion(%) | Amount | Proportion(%) |
| Within one year | 696,142.81 | 100.00 | 327.51 | 100.00 |
| **Total** | **696,142.81** | **100.00** | **327.51** | **100.00** |

**4. Other receivables**

| Item | Closing balance | Beginning balance |
|---|---|---|
| Other receivables | 480,868.75 | 602,241.02 |
| **Total** | **480,868.75** | **602,241.02** |

(1) Classification by nature of funds

| Nature of payment | Closing balance | Beginning balance |
|---|---|---|
| Office rental deposit | 479,701.74 | 479,701.74 |
| Petty cash | 840.00 | 2,340.00 |
| Deposit interest | — | 36,827.63 |
| Deposit | — | 83,371.25 |
| Others | 327.01 | 0.40 |
| Sub Total | 480,868.75 | 602,241.02 |
| Less: impairment | — | |
| **Total** | **480,868.75** | **602,241.02** |

**5. Other current assets**

| Item | Closing balance | Beginning balance |
|---|---|---|
| Input tax to be deducted | 256,759.09 | 51,355.70 |
| Advance payment of taxes | 86,050.19 | 1,014,127.47 |
| Deferred expense | 13,940.49 | |
| **Total** | **356,749.77** | **1,065,483.17** |

**6. Fixed assets**

| Item | Closing balance | Beginning balance |
|---|---|---|
| Fixed assets | 383,110.56 | 18,081.82 |
| **Total** | **383,110.56** | **18,081.82** |

(1) Fixed assets

Status of fixed assets

| Item | Beginning book balance | Increase this year | Decrease this year | Closing book balance |
|---|---|---|---|---|
| I. Total Original Price | 1,737,466.22 | 487,302.97 | | 2,224,769.19 |
| Electronic equipment | 1,737,466.22 | 487,302.97 | | 2,224,769.19 |
| II. Total Accumulated Depreciation | 1,719,384.40 | 122,274.23 | | 1,841,658.63 |
| Electronic equipment | 1,719,384.40 | 122,274.23 | | 1,841,658.63 |
| III. Total Amount of Impairment Reserve | | | | |
| Electronic equipment | | | | |

| Item | Beginning book balance | Increase this year | Decrease this year | Closing book balance |
|---|---|---|---|---|
| IV. Total book value | 18,081.82 | | | 383,110.56 |
| Electronic equipment | 18,081.82 | | | 383,110.56 |

**7. Right of Use Assets**

| Item | Beginning book balance | Increase this year | Decrease this year | Closing book balance |
|---|---|---|---|---|
| II. Total Original Price | | 2,807,648.84 | | 2,807,648.84 |
| Housing and Buildings | | 2,807,648.84 | | 2,807,648.84 |
| II. Total Accumulated Depreciation | | 910,588.81 | | 910,588.81 |
| Housing and Buildings | | 910,588.81 | | 910,588.81 |
| III. Total Amount of Impairment Reserve | | | | |
| Housing and Buildings | | | | |
| IV. Total book value | | 1,897,060.03 | | 1,897,060.03 |
| Housing and Buildings | | 1,897,060.03 | | 1,897,060.03 |

**8. Intangible Assets**

| Item | Beginning book balance | Increase this year | Decrease this year | Closing book balance |
|---|---|---|---|---|
| III. Total Original Price | | 186,591.16 | | 186,591.16 |
| Software | | 186,591.16 | | 186,591.16 |
| II. Total Accumulated Depreciation | | 36,281.62 | | 36,281.62 |
| Software | | 36,281.62 | | 36,281.62 |
| III. Total Amount of Impairment Reserve | | | | |
| Software | | | | |
| IV. Total book value | | 150,309.54 | | 150,309.54 |
| Software | | 150,309.54 | | 150,309.54 |

**9. Long-term prepaid expenses**

| Item | Beginning balance | Increase in current period | Amortization amount in current period | Other reduced amounts | Closing balance |
|---|---|---|---|---|---|
| Renovation costs | 34,496.80 | | 34,496.80 | | — |
| **Total** | **34,496.80** | | **34,496.80** | | **—** |

**10. Deferred tax assets**

| Item | Closing balance | | Beginning balance | |
|---|---|---|---|---|
| | Deductible temporary differences | Deferred tax assets | Deductible temporary differences | Deferred tax assets |
| Recoverable loss | 745,594.92 | 18,639.87 | | |
| **Total** | **745,594.92** | **18,639.87** | | |

**11. Accounts payables**

| Items | Closing balance | Beginning balance |
|---|---|---|
| Accounts Payable | 492,984.13 | |
| **Total** | **492,984.13** | |

**12. Employee benefits payable**

(1) Salary payable to employees listed

| Item | Opening balance | Amount withdrawn this year | Amount paid this year | Ending balance |
|---|---|---|---|---|
| I. Wages, bonuses, allowances and subsidies | 22,095.28 | 15813949.47 | 15,772,529.44 | 63,515.31 |
| II. Employee benefits | | | | |
| III. Social insurance fee | 144,481.42 | 4,389,046.59 | 3,955,172.88 | 578,355.13 |
| IV. Housing fund | | 1,802,899.23 | 1,802,899.23 | |
| **Total** | **166,576.70** | **22,005,895.29** | **21,530,601.55** | **641,870.44** |

**13. Taxes payable**

| Item | Closing balance | Beginning balance |
|---|---|---|
| Personal income tax | 165,339.14 | 172,149.43 |
| **Total** | **165,339.14** | **172,149.43** |

**14. Other payable**

| Item | Closing balance | Beginning balance |
|---|---|---|
| Other payables | 17,338,960.19 | 9,213,980.27 |
| **Total** | **17,338,960.19** | **9,213,980.27** |

(1) Other payables

Other payables by nature

| Item | Closing balance | Beginning balance |
|---|---|---|
| Service fee | 250,260.98 | 261,244.74 |
| Service fee payable to TML | 15,266,512.00 | 8,885,038.86 |
| Account Payable | 1,510,953.99 | 50,714.69 |
| Social security payments | 311,233.04 | |
| Others | 0.18 | 16,981.98 |
| **Total** | **17,338,960.19** | **9,213,980.27** |

**15. Lease Liabilities**

| Item | Beginning balance | Increase this year | | | Decrease this year | | Closing balance |
|---|---|---|---|---|---|---|---|
| | | New lease additions | Interest for the year | Others | Actual payment | Others | |
| Lease Liabilities | | 2,089,123.19 | | | | | 2,089,123.19 |
| **Total** | | **2,089,123.19** | | | | | **2,089,123.19** |

**16. Deferred tax liabilities**

| Item | Closing balance | | Beginning balance | |
|---|---|---|---|---|
| | Deductible for temporary differences | Deferred tax liability | Deductible for temporary differences | Deferred tax liability |
| Others | | 86,419.00 | | |
| **Total** | | **86,419.00** | | |

**17. Paid-in capital**

| Name of investor | Beginning balance | Increase in current period | Decrease in current period | Closing balance |
|---|---|---|---|---|
| Tech Mahindra Limited | 5,574,666.02 | | | 5,574,666.02 |
| **Total** | **5,574,666.02** | | | **5,574,666.02** |

**18. Capital premium**

| Item | Beginning balance | Increase in current period | Decrease in current period | Closing balance |
|---|---|---|---|---|
| Capital (equity) premium | 12,639.68 | | 12,639.68 | — |
| **Total** | **12,639.68** | | **12,639.68** | **—** |

**19. Retained earnings**

| Item | Current amount | Amount of previous period |
|---|---|---|
| Undistributed profit at the end of last year before adjustment | 5,079,958.40 | 5,185,535.71 |
| Adjust the total undistributed profit at the beginning of the period ( increase +, decrease - ) | | |
| Adjusted undistributed profits at the beginning of the period | 5,079,958.40 | 5,185,535.71 |
| Plus: net profit attributable to shareholders of the parent company in the current period | -10,009.10 | -105,577.31 |
| Minus: Withdraw statutory surplus reserve | | |
| Unallocated profit at the end of the period | 5,069,949.30 | 5,079,958.40 |

**20. Operating income and operating costs**

| Item | Current amount | | Amount of previous period | |
|---|---|---|---|---|
| | Income | Cost | Income | Cost |
| Principal business | 48,006,838.45 | | 33,049,347.20 | |
| **Total** | **48,006,838.45** | | **33,049,347.20** | |

**21. Other income**

| **Item** | **Current amount** | **Amount of previous period** |
|---|---:|---:|
| Input tax plus deduction | 29,996.72 | 27,233.73 |
| Service fees paid for withholding IIT | 9,939.70 | |
| **Total** | **39,936.42** | **27,233.73** |

**22. Non-operating income**

| **Item** | **Current amount** | **Amount of previous period** |
|---|---:|---:|
| Others | | 2,509.38 |
| **Total** | | **2,509.38** |

**23. Income tax**

| **Item** | **Current amount** | **Amount of previous period** |
|---|---:|---:|
| Deferred tax | 67,779.13 | |
| **Total** | **67,779.13** | |

**VII. Contingent Events**

Without any contingent events in this year.

**VIII. Events after the balance sheet date**

Without the need for disclosure of events after the balance sheet date this year.

**IX. Other significant events declaration**

This financial statement has already been approved by Board of Director of the company.

**X. The approval of financial statement**

This financial statement has already been approved by Board of Director of the company.

**TECH MAHINDRA (BEIJING) IT SERVICES LIMITED**

April 17,2023

Legal Representative: Mr. Jagdish Mitra
Person in charge of accounting: Ms. Daisy Xia
Head of Accounting Department: Ms. Daisy Xia

# TECH MAHINDRA (SHANGHAI) CO., LTD.

**Board of Directors**
Mr. Amitava Ghosh
Mr. Ravi Kumar Yellajosula
Mr. Mukesh Sharma

**Registered Office**
Suite 23102, 23104, 23204, Pudong Software Park,
No. 498 Guoshoujing Road, Zhangjiang Hi-tech Park,
Shanghai, P.R. China, 201203

**Bankers**
HSBC Bank Ltd.
China Merchant Bank

**Auditors**
Shanghai Linfang
Certified Public Accountants Co.,Ltd.

# DIRECTORS ’ REPORT TO THE SHAREHOLDERS

Your directors present their report together with the audited accounts of your company for the year ended December 31, 2022.

**Financial Results(Local Currency RMB)**

| For the years ended December 31 | **2022** | 2021 |
|---|---|---|
| | **RMB** | RMB |
| Income | **135,182,722.07** | 130,463,613.02 |
| Profit/(Loss) before tax | **9,060,054.15** | -450,435.52 |
| Profit/(Loss) after tax | **9,060,054.15** | -450,435.52 |

**Review of Operations:**

During the year under review, your company recorded an income of RMB 135,182,722.07, a increase of 3.6% over the previous year. Profit after tax was RMB 9,060,054.15 an increase of 2100 %over the previous year. The Company continues to invest in strengthening its marketing infrastructure in China

**Outlook for the Current Year:**

Business has been encouraging in China and the Company is optimistic of the future.

**Acknowledgments:**

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder/s for the co-operation and assistance received from them.

**For Tech Mahindra (Shanghai) Co., Ltd.**

| | |
|---|---|
| **Amitava Ghosh** | **Mukesh Sharma** |
| Director | Director6 |

Place: Shanghai, China

Date : April 27, 2023

# INDEPENDENT AUDITORS' REPORT

TO TECH MAHINDRA (SHANGHAI) CO., LTD.

**1. Opinion**

We have audited the financial statements of Tech Mahindra (Shanghai) Co., Ltd. (the Company), which comprise the statement of financial position as at December 31, 2022, and the statement of comprehensive income, statement of changes in equity and statement of Cash Flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises and the China "Accounting System for Business Enterprises".

**2. Basis for Opinion**

We conducted our audit in accordance with China Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**3. Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with China Accounting Standards for Business Enterprises and the China "Accounting System for Business Enterprises", and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**4. Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 assurance, but is not a guarantee that an audit conducted in accordance with China Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

During the process of our audit in accordance with China Auditing Standards, we exercise professional judgment and maintain professional skepticism. We also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we

are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, we shall not express unqualified 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.

(5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the those Charged with Governance about planned scope and timing of the audit, as well as significant findings from the audit, including notable internal control weaknesses identified from the audit.

Chen Jie, China Certified Public Accountant

Li Wen, China Certified Public Accountant

Shanghai Linfang Certified Public Accountants Co., Ltd.
Shanghai, China
April 27, 2023

# BALANCE SHEET AS AT 31 DECEMBER 2022

(All amounts in RMB Yuan unless otherwise stated)

| **Assets** | **Notes** | **Ending balance** | Beginning balance |
|---|---|---|---|
| **Current assets:** | | | |
| Cash and cash equivalents | 1 | **34,526,269.82** | 41,058,714.46 |
| Accounts receivable | 2 | **80,510,083.87** | 62,734,474.29 |
| Other receivables | 3 | **1,394,544.77** | 1,692,974.84 |
| Advance to suppliers | 4 | **122,858.09** | 1,177,939.32 |
| Prepaid expenses | | **499,474.14** | 650,043.26 |
| Other current assets | | **777,976.85** | 7,519.56 |
| **Total current assets** | | **117,831,207.54** | 107,321,665.73 |
| **Non-current assets:** | | | |
| Fixed assets-cost | 5 | **10,550,592.23** | 10,005,460.99 |
| Less: Accumulated depreciation | 6 | **9,534,632.41** | 9,007,106.44 |
| Fixed assets-net | 7 | **1,015,959.82** | 998,354.55 |
| Less: provision for impairment loss on fixed assets | | **-** | - |
| Fixed assets | | **1,015,959.82** | 998,354.55 |
| Long-term deferred expenses | 8 | **319,698.29** | 1,849,219.00 |
| **Total non-current assets** | | **1,335,658.11** | 2,847,573.55 |
| **Total assets** | | **119,166,865.65** | 110,169,239.28 |
| **Liabilities and owner's equity (or shareholder's equity)** | | | |
| **Current liabilities:** | | | |
| Accounts payable | 9 | **28,138,541.10** | 14,813,360.66 |
| Advances from customers | 10 | **-** | 9,832,161.18 |
| Wages payable | 11 | **1,615,381.65** | 1,615,379.16 |
| Taxes and dues payable | 12 | **1,006,802.46** | 782,652.68 |
| Other fees payable | 13 | **61,401.85** | 52,611.93 |
| Other payables | | **253,605.32** | 123,084.33 |
| Accrued expenses | 14 | **21,004,527.71** | 24,923,437.93 |
| **Total current liabilities** | | **52,080,260.09** | 52,142,687.87 |
| **Non-current liabilities:** | | | |
| Long-term accounts payable | | **-** | - |
| **Total non-current liabilities** | | **-** | - |

| | | | |
|---|---|---|---|
| **Total liabilities** | | **52,080,260.09** | 52,142,687.87 |
| **Owner's equity (or shareholder's equity):** | | | |
| Paid-in capital | 15 | **123,963,336.17** | 123,963,336.17 |
| Net paid-in capital | | **123,963,336.17** | 123,963,336.17 |
| Undistributed profits | 16 | **-56,876,730.61** | -65,936,784.76 |
| **Total owner's equity contributable to parent company** | | **67,086,605.56** | 58,026,551.41 |
| **Total liabilities and owner's equity (or shareholder's equity)** | | **119,166,865.65** | 110,169,239.28 |

The Notes are the following parts of the statements.

| | |
|---|---|
| Legal Representative: | AMITAVA GHOSH |
| Person in charge of accounting function: | XIA MEI |
| Person in charge of accounting department: | XIA MEI |

# INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB Yuan unless otherwise stated)

| | | Notes | Current period | Prior period |
|---|---|---|---|---|
| **I.** | **Main operating income** | 17 | 135,182,722.07 | 130,463,613.02 |
| | Less: Main operating cost | | 107,788,286.70 | 105,428,819.61 |
| | Taxes and additions | 18 | 634,165.03 | 340,926.28 |
| **II.** | **Main operating profit (losses "-")** | | 26,760,270.34 | 24,693,867.13 |
| | Add Other operating profit (losses "-") | | - | - |
| | Less:Selling expenses | | 6,764,581.30 | 6,006,328.68 |
| | Administrative expenses | | 13,254,885.54 | 18,645,208.19 |
| | Financial expenses | 19 | -1,548,510.56 | 672,569.38 |
| **III.** | **Operating profit (losses "-")** | | 8,289,314.06 | -630,239.12 |
| | Add Subsidies income | 20 | 323,928.70 | 400,386.59 |
| | Non-operating income | 21 | 447,091.21 | 632,905.17 |
| | Less: Non-operating expenses | 22 | 279.82 | 853,488.16 |
| **IV.** | **Total profit (losses "-")** | | 9,060,054.15 | -450,435.52 |
| | Less: income tax expenses | | - | - |
| **IV.** | **Net profit** | | 9,060,054.15 | -450,435.52 |

The Notes are the following parts of the statements.

Legal Representative: AMITAVA GHOSH

Person in charge of accounting function: XIA MEI

Person in charge of accounting department: XIA MEI

TECH MAHINDRA (SHANGHAI) CO., LTD.

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB Yuan unless otherwise stated)

| | Item | Current period | Prior period |
|---|---|---|---|
| I | **Cash flows from operating activities:** | | |
| | Cash received from sale of goods and rendering of services | **117,616,183.58** | 162,778,940.17 |
| | Other cash received relating to operating activities | **1,493,403.68** | 871,418.70 |
| | **Sub-total of cash inflows** | **119,109,587.26** | 163,650,358.87 |
| | Cash paid for goods and services | **17,062,613.09** | 30,588,323.89 |
| | Cash paid to and on behalf of employees | **91,144,196.04** | 79,483,925.60 |
| | Payments of taxes and levies | **4,870,478.16** | 3,036,769.76 |
| | Cash paid relating to other operating activities | **12,045,206.95** | 9,146,746.13 |
| | **Sub-total of cash outflows** | **125,122,494.24** | 122,255,765.38 |
| | Net cash flows from operating activities | **-6,012,906.98** | 41,394,593.49 |
| II | **Cash flows from investing activities:** | | |
| | Cash received from disposal of investments | **3,000,000.00** | - |
| | **Sub-total of cash inflows** | **3,000,000.00** | - |
| | Cash paid to acquire fixed assets, intangible assets, and other long-term assets | **802,445.52** | 785,301.99 |
| | Cash paid to acquire investments | **3,000,000.00** | - |
| | **Sub-total of cash outflows** | **3,802,445.52** | 785,301.99 |
| | Net cash flows from investing activities | **-802,445.52** | -785,301.99 |
| III | **Cash flows from financing activities:** | | |
| | **Sub-total of cash inflows** | **-** | - |
| | Cash repayments of borrowings | **-** | 4,500,000.00 |
| | Cash payments for dividends, profits, or interest expenses | **-** | 108,393.54 |
| | **Sub-total of cash outflows** | **-** | 4,608,393.54 |
| | Net cash flows from financing activities | **-** | -4,608,393.54 |
| IV | **Effect of foreign exchange rate changes on cash and cash equivalents** | **23.32** | -24.09 |
| V | **Net increase in cash and cash equivalents** | **-6,815,329.18** | 36,000,873.87 |
| Add: | Beginning balance of cash and cash equivalents | **41,058,714.46** | 5,057,840.59 |
| VI | **Ending balance of cash and cash equivalents** | **34,243,385.28** | 41,058,714.46 |

The Notes are the following parts of the statements.

| | |
|---|---|
| Legal Representative: | AMITAVA GHOSH |
| Person in charge of accounting function: | XIA MEI |
| Person in charge of accounting department: | XIA MEI |

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB Yuan unless otherwise stated)

| | Paid-in capital | Capital reserve | Surplus reserve | Undistributed profit | Total owner's equity |
|---|---|---|---|---|---|
| **Closing Balance at 31 December 2020** | 123,963,336 | - | - | -65,486,349 | 58,476,987 |
| Add: Changes in accounting policies | - | - | - | - | - |
| Corrections of prior period errors | - | - | - | - | - |
| **Beginning Balance at 1 January 2021** | **123,963,336** | **-** | **-** | **-65,486,349** | **58,476,987** |
| Net profit | — | — | — | -450,436 | -450,436 |
| Capital contributions or decreases by owners | - | - | — | — | - |
| Capital contributions by owners | - | - | — | — | - |
| Profit appropriation | — | — | - | - | - |
| Transfer between equity components | - | - | - | - | - |
| **Movements in 2021** | - | - | - | -450,436 | -450,436 |
| **Closing Balance at 31 December 2021** | **123,963,336** | **-** | **-** | **-65,936,785** | **58,026,551** |
| Add: Changes in accounting policies | — | — | — | — | — |
| Corrections of prior period errors | — | — | — | — | — |
| **Beginning Balance at 1 January 2022** | **123,963,336** | **-** | **-** | **-65,936,785** | **58,026,551** |
| Net profit | — | — | — | 9,060,054 | 9,060,054 |
| Capital contributions or decreases by owners | - | - | — | — | - |
| Profit appropriation | — | — | - | - | - |
| Transfer between equity components | - | - | - | - | - |
| **Movements in 2022** | - | - | - | 9,060,054 | 9,060,054 |
| **Closing Balance at 31 December 2022** | **123,963,336** | **-** | **-** | **-56,876,731** | **67,086,606** |

The Notes are the following parts of the statements.

| | |
|---|---|
| Legal Representative: | AMITAVA GHOSH |
| Person in charge of accounting function: | XIA MEI |
| Person in charge of accounting department: | XIA MEI |

# NOTES TO FINANCIAL STATEMENTS OF 2022

(All amounts in RMB Yuan unless otherwise stated)

## I. GENERAL INFORMATION OF THE COMPANY

Tech Mahindra (Shanghai) Co., Ltd. (“the Company”) is a limited liability company (wholly-owned foreign corporation) invested by Tech Mahindra Limited. Registered at China (Shanghai) Pilot Free Trade Zone Market Supervision Administration, the Company was established on December 23, 2002 and obtained the business license with Uniform Social Credit Code No. 91310115744229270H. Residential address of the Company is Room 23102, 23104, 23202, 23204, Pudong Software Park, No.498 Guoshoujing Road, China (Shanghai) Pilot Free Trade Zone and the registered capital is USD 16,900,000. The Company has no fixed operating period.

The approved business scope is: software designing, developing, production, testing and maintenance (including embedded system software, computer aid design, manufactory and engineering service softwares, enterprise resource solution softwares, enterprise integrating softwares, custom relationship management softwares etc.); sales of the self-produced products and related technical consulting services; providing outsourcing design, research and development services in the fields of machinery and electronics; providing comprehensive logistics solution design; wholesale, import & export and agency business (except for auction) of electronic equipment, machinery and parts, steel products, computer hardwares and softwares, and providing related technical and auxiliary services. [Goods under state trade control are not included, and activities related to administrative permission should be operated with approval]

## II. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises and “Accounting System for Business enterprises” as promulgated by the State of the People’s Republic of China.

## III. COMPLIANCE STATEMENT

The financial statements have been prepared in accordance with “Accounting System for Business Enterprises”, and present fairly, in all material respects, the financial position, financial performance, cash flows and the related financial information.

## IV. PRINCIPAL ACCOUNTING POLICIES

(a) Accounting period

The Company’s accounting year starts on 1 January and ends on 31 December.

(b) Recording currency

The recording currency of the Company is the Renminbi (RMB).

(c) Basis of accounting and measurement bases

The Company follows the accrual basis of accounting. Assets are initially recorded at actual costs on acquisition and subsequently adjusted for impairment, if any.

## IV. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translation

Except for the accounting treatment of paid-in capital, foreign currency transactions are translated into RMB at the exchange rates stipulated by the People’s Bank of China (“the stipulated exchange rates”) on the transaction date in which the transactions took place. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RMB at the stipulated exchange rates at the balance sheet date. Exchange differences arising from these translations are expensed, except for those attributable to foreign currency borrowings that have been made specifically for the construction of fixed assets, which are capitalized as part of the fixed asset costs and those arising in the pre-operating period, which are recorded as long-term deferred expenses.

Contributions to paid-in capital made in foreign currencies are translated into the RMB denominated paid-in capital account at the stipulated exchange rates at the contribution dates. Exchange differences arising from foreign currency capital contribution should be recognized as capital surplus.

(e) Cash and cash equivalents

For the purposes of the cash flow statement, cash refers to all cash in hand and all deposits. Cash equivalents refer to short-term and highly-liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Receivables and provision for bad debts

Receivables comprise accounts receivable and other receivables. The provision method is used to account for potential bad debts identified by management. Receivables are presented at actual amounts net of provision for bad debts.

Accounts receivable

Accounts receivable comprises related party receivables and receivables from non-related parties.

The Company makes specific bad debts provision on an individual basis for accounts receivable that are distinctively different from any other receivable in recoverability. If there are indications that the balances cannot be recovered, the specific provision will be adjusted accordingly.

Other receivables

Specific provisions are made for other receivables on an individual basis.

Recognition criteria of bad debts loss

Where evidence exists that balances cannot be recovered due to the debtor's de-registration, bankruptcy, insolvent and death, etc., bad debts are recognized and corresponding provision for bad debts is written off after the approval of the Company's general manager or the board pursuant to the authorization policies established in the Company.

## IV. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(g) Fixed assets and depreciation

Fixed assets are tangible assets that are used in production, including sales of goods, rendering of services and leases, or held for management purposes, which have useful lives of more than one year and have relatively high unit price.

Fixed assets purchased or constructed by the Company are recorded at cost.

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets being provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, estimated residual values expressed as a percentage of cost and annual depreciation rates are as follows:

| | **Estimated Useful Lives** | **Estimated Residual Value** | **Annual Depreciation Rate** |
|---|---:|---:|---:|
| Network equipment | 5 yrs | - | 0.20 |
| Office equipment | 3/5 yrs | - | 33.33% / 20.00% |
| Furniture | 3 yrs | - | 0.33 |

When fixed assets are sold, transferred, disposed of or damaged, gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the assets, adjusted by related taxes and expenses, and are included in non-operating income or expenses.

The repair and maintenance expenses of fixed assets should be expensed directly for the current period. Subsequent expenditures for major reconstruction, expansion, improvement and renovation are capitalized when it is probable that future economic benefits in excess of the original assessment of performance will flow to the Company; the other subsequent expenditures should be recognized as costs or expenses for the current period. Capitalized expenditures arising from major reconstruction, expansion and improvement are depreciated using the straight-line method over the remaining useful lives of the fixed assets. The renovation expenses are depreciated using the straight-line method over the shorter of the interval of renovation and the estimated useful lives.

**(h) Long-term deferred expenses**

Long-term deferred expenses are expenses paid by an enterprise, for which the amortization period is more than one year (excluding one year), including land royalty and maintenance, etc. long-term deferred expenses should be amortized evenly over the respective beneficial periods and presented at an amount net of accumulated amortization.

Leasehold improvements

Leasehold improvements should be amortized evenly over the shorter of the lease term and the useful lives of the leased asset, and presented at an amount net of accumulated amortization.

**IV. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

(i) Impairment of assets

In addition to the recognition of provisions for impairment loss on receivables and inventories which have been described in their respective accounting policies, individual assets for which there are indications that the carrying values are higher than their recoverable amounts, arising from the occurrence of events or changes in circumstances, are reviewed for impairment. If the carrying value of such assets is higher than the recoverable amount, the excess is recognized as an impairment loss.

The recoverable amount of an individual asset is the higher of its net selling price and its value in use. The net selling price is the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable and will parties, after deducting any incremental direct disposal costs. Value in use is the present value of estimated future cash flows expected being derived from continuing use of the asset and from its disposal at the end of its useful life.

When there is an indication that the need for an impairment provision recorded in a prior period no longer exists or has decreased, the provision for impairment loss is reversed. The increased carrying amount of the assets should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

(j) Borrowing costs

Borrowing costs, including interests and ancillary costs, incurred in connection with specific borrowings obtained for the acquisition or construction of fixed assets are capitalized as costs of the fixed assets when capital expenditures and borrowing costs are incurred and the activities have commenced to enable the assets to be ready for their intended use. The capitalization of borrowing costs ceases when the assets are ready for their intended use. Borrowing costs incurred thereafter are expensed.

**(k) Revenue recognition**

Revenue from the sale of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the buyer, the Company retains neither continuing managerial involvement nor effective control over the goods sold, and it is probable that the economic benefit associated with the transaction will flow to the Company and the relevant revenue and costs can be measured reliably.

Revenue from the rendering of services shall be recognized at the time of service provided and consideration received or receivable.

Interest income should be measured based on the period between the acquisition date and the maturity date and the applicable interest rate.

Subsidy income shall be recognized at the time of receipt.

(l) Employee benefits

The full-time employees of the Company are entitled to staff welfare benefits under existing PRC legislation, including pension benefits, medical care, unemployment insurance, housing fund and other benefits.

The Company is required to accrue for these benefits based on certain percentages of the employees' salaries, subject to certain ceilings, in accordance with the relevant PRC regulations, these benefits are levied by the human resource and social security bodies. The contributions are expensed as incurred.

**(m) Accounting for income taxes**

The Company accounts for enterprise income taxes using the tax payable method. Under the tax payable method, tax expense is recognized based on current period taxable income and tax rates.

## V. TAXATION

Major applicable taxes and tax rate for the Company:

| Tax | Tax rate (%) | Tax base |
|---|---|---|
| General VAT taxpayer | 13, 9, 6 | Taxable sales |
| Enterprise income taxes | 25 | Taxable income |
| City maintenance tax | 7,5,1 | Payable turnover tax |
| Education surtax | 3 | Payable turnover tax |
| Local education surtax | 2 | Payable turnover tax |

## VI. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS

### 1 CASH AND CASH EQUIVALENTS

| | **Ending balance** | Beginning balance |
|---|---|---|
| Cash in bank | **34,526,269.82** | 41,058,714.46 |
| **Total** | **34,526,269.82** | 41,058,714.46 |

### 1 CASH AND CASH EQUIVALENTS

| | **Ending balance** | Beginning balance |
|---|---|---|
| Accounts receivable | **83,233,239.31** | 67,056,646.54 |
| Provision for Bad debt allowance | **2,723,155.45** | 4,322,172.25 |
| Book balance | **80,510,083.86** | 62,734,474.29 |

Aging analysis of receivables

| | **Ending balance** | | | **Beginning balance** | | |
|---|---|---|---|---|---|---|
| | **Amount** | **Rate(%)** | **Bad debt allowance** | **Amount** | **Rate(%)** | **Bad debt allowance** |
| within 1 year | **79,845,232.31** | **95.93** | **-** | 62,734,474.90 | 93.55 | 0.61 |
| 1-2 years | **664,851.55** | **0.80** | **-** | 1,056,110.73 | 1.58 | 1,056,110.73 |
| 2-3 years | **963,343.09** | **1.16** | **963,343.09** | - | - | - |
| over 3 years | **1,759,812.36** | **2.11** | **1,759,812.36** | 3,266,060.91 | 4.87 | 3,266,060.91 |
| **Total** | **83,233,239.31** | **100.00** | **2,723,155.45** | 67,056,646.54 | 100.00 | 4,322,172.25 |

Debtors with large amounts:

| **Name of debtors** | **Amount** | **Nature** | **Aging** |
|---|---|---|---|
| Huawei Technologies Co., Ltd | 27,732,991.47 | Service fee | within 1 year |
| SC Automotive Engineering Co., Ltd. | 8,806,187.13 | Service fee | within 1 year |

**3 OTHER RECEIVABLES**

| | **Ending balance** | Beginning balance |
|---|---|---|
| Other receivables | **1,394,544.77** | 1,692,974.84 |
| Provision for Bad debt allowance | **-** | - |
| Book balance | **1,394,544.77** | 1,692,974.84 |

Aging analysis of receivables

| | **Ending balance** | | | **Beginning balance** | | |
|---|---|---|---|---|---|---|
| | **Amount** | **Rate(%)** | **Bad debt allowance** | **Amount** | **Rate(%)** | **Bad debt allowance** |
| within 1 year | **788,647.69** | **56.55** | **-** | 244,490.76 | 14.44 | - |
| 1-2 years | **80,000.00** | **5.74** | **-** | 100,000.00 | 5.91 | - |
| 2-3 years | **100,000.00** | **7.17** | **-** | 922,587.00 | 54.50 | - |
| over 3 years | **425,897.08** | **30.54** | **-** | 425,897.08 | 25.16 | - |
| **Total** | **1,394,544.77** | **100.00** | **-** | 1,692,974.84 | 100.01 | - |

**4 ADVANCE TO SUPPLIERS**

| | **Ending balance** | | **Beginning balance** | |
|---|---|---|---|---|
| | **Amount** | **%** | **Amount** | **%** |
| within 1 year | 121,358.09 | 98.78 | 1,177,939.32 | 100.00 |
| 1-2 years | 600.00 | 0.49 | - | - |
| 2-3 years | 900.00 | 0.73 | - | - |
| Total | 122,858.09 | 100.00 | 1,177,939.32 | 100.00 |

| **Name of debtors:** | **Amount** | **Nature** | **Aging** |
|---|---|---|---|
| China Datacom Corporation Limited | 40,292.15 | Project advance payment | within 1 year |
| Shanghai DragonSoft | 41,571.91 | Project advance payment | within 1 year |

**5 FIXED ASSETS – COST**

| **Item** | **Beginning balance** | **Increase** | **Decrease** | **Ending balance** |
|---|---|---|---|---|
| Buildings & structures | 2,953,253.13 | - | - | 2,953,253.13 |
| Machinery & equipment | 4,144,235.36 | 651,053.60 | 105,922.36 | 4,689,366.60 |
| Vehicles | 2,566,910.41 | - | - | 2,566,910.41 |
| Electronic & office equipment | 341,062.09 | - | - | 341,062.09 |
| **Total** | 10,005,460.99 | 651,053.60 | 105,922.36 | 10,550,592.23 |

## 6 ACCUMULATED DEPRECIATION

| Item | Beginning balance | Increase | Decrease | Ending balance |
|---|---|---|---|---|
| Buildings & structures | 2,494,971.25 | 139,652.94 | - | 2,634,624.19 |
| Machinery & equipment | 3,785,222.12 | 377,776.60 | 102,408.94 | 4,060,589.78 |
| Vehicles | 2,386,175.52 | 112,180.83 | - | 2,498,356.35 |
| Electronic & office equipment | 340,737.55 | 324.54 | - | 341,062.09 |
| **Total** | 9,007,106.44 | 629,934.91 | 102,408.94 | 9,534,632.41 |

## 7 FIXED ASSETS – NET

| Item | Ending balance | Beginning balance |
|---|---|---|
| Buildings & structures | **318,628.94** | 458,281.88 |
| Machinery & equipment | **628,776.82** | 359,013.24 |
| Vehicles | **68,554.06** | 180,734.89 |
| Electronic & office equipment | **-** | 324.54 |
| **Total** | **1,015,959.82** | 998,354.55 |

## 8 LONG-TERM DEFERRED EXPENSES

| Item | Beginning balance | Increase | Decrease | Ending balance |
|---|---|---|---|---|
| Leasehold improvements | 1,849,219.00 | 151,391.92 | 1,680,912.63 | 319,698.29 |
| **Total** | 1,849,219.00 | 151,391.92 | 1,680,912.63 | 319,698.29 |

## 9 ACCOUNTS PAYABLE

| Ending balance | Beginning balance |
|---|---|
| **28,138,541.10** | 14,813,360.66 |

| Creditors with large amounts: | Ending balance | Description |
|---|---|---|
| Tech Mahindra Limited | **26,638,285.25** | Service fee |

## 10 ADVANCES

| Ending balance | Beginning balance |
|---|---|
| **-** | 9,832,161.18 |

## 11 WAGES PAYABLE

| Ending balance | Beginning balance |
|---|---|
| **1,615,381.65** | 1,615,379.16 |

## 12 TAXES PAYABLE

| Taxes | Ending balance | Beginning balance |
|---|---|---|
| Value added tax | **431,093.77** | 397,258.31 |
| Individual income tax | **575,708.76** | 385,394.44 |
| Enterprise income tax | **-0.07** | -0.07 |
| **Total** | **1,006,802.46** | 782,652.68 |

## 13 OTHER FEES PAYABLE

| Item | Ending balance | Beginning balance |
|---|---|---|
| Stamp duty | **3,794.64** | 4,062.80 |
| City maintenance tax | **26,416.77** | 20,481.26 |
| Education surcharges and local education surtax | **31,190.44** | 28,067.87 |
| **Total** | **61,401.85** | 52,611.93 |

## 14 ACCRUED EXPENSES

| Item | Ending Balance | Beginning balance |
|---|---|---|
| Related party service fee | **12,591,086.37** | 1,795,282.63 |
| Other outsourcing services | **8,413,441.34** | 23,128,155.30 |
| **Total** | **21,004,527.71** | 24,923,437.93 |

## 15 PAID-IN CAPITAL

| | **Ending balance** | | Beginning balance | |
|---|---|---|---|---|
| **Name of Investor** | **Registered Capital (USD)** | **Registered Capital (RMB)** | Registered Capital (USD) | Registered Capital(RMB) |
| Tech Mahindra Limited | **16,900,000.00** | **123,963,336.17** | 16,900,000.00 | 123,963,336.17 |
| **Total** | **16,900,000.00** | **123,963,336.17** | 16,900,000.00 | 123,963,336.17 |

## 16 UNDISTRIBUTED PROFITS

| | Ending Balance | Beginning balance |
|---|---|---|
| Undistributed profits at beginning of year | **-65,936,784.76** | -65,486,349.24 |
| Current year net profit | **9,060,054.15** | -450,435.52 |
| Distributable profit | **-56,876,730.61** | -65,936,784.76 |
| Undistributed profits at the end of year | **-56,876,730.61** | -65,936,784.76 |

## 17 REVENUES FROM MAIN OPERATION

| Item | Current period | Prior period |
|---|---|---|
| Software designing, developing and maintenance (Domestic) | **80,422,990.02** | 74,938,160.03 |
| Software designing, developing and maintenance (Overseas) | **42,958,068.43** | 47,911,576.27 |
| Sales of goods (Domestic) | **10,335,002.39** | 6,964,851.45 |
| Sales of goods (Overseas) | **1,110,945.00** | 70,016.35 |
| Leasing | **355,716.23** | 579,008.92 |
| **Total** | **135,182,722.07** | 130,463,613.02 |

## 18 TAX AND ITS ADDITIONS

| Item | Current period | Prior period |
|---|---|---|
| City maintenance tax | **309,923.22** | 158,477.96 |
| Education surtax | **116,671.52** | 131,647.00 |
| Local education surtax | **207,570.29** | 50,801.32 |
| **Total** | **634,165.03** | 340,926.28 |

**19 FINANCE EXPENSES**

| | Current period | Prior period |
|---|---|---|
| Interest expenses | **-** | 24,788.96 |
| Interest income | **246,883.19** | 266,208.65 |
| Bank charges | **12,426.57** | 41,502.34 |
| Exchange losses/gains-net | **-1,314,053.94** | 872,486.73 |
| Other finance expenses | **-** | - |
| **Total** | **-1,548,510.56** | 672,569.38 |

**20 SUBSIDIES INCOME**

| Item | Current period | Prior period |
|---|---|---|
| Job stabilization subsidy | **62,446.03** | - |
| Government subsidies | **261,482.67** | 400,386.59 |
| **Total** | **323,928.70** | 400,386.59 |

**21 NON-OPERATING INCOMES**

| Item | Current period | Prior period |
|---|---|---|
| Additional VAT deduction | **370,478.22** | 428,081.71 |
| IIT handling fee refund | **56,474.22** | 196,429.83 |
| Salary payables written off | **-** | 6,892.60 |
| Insurance claims | **-** | 1,500.00 |
| Long-term accounts payable written off | **20,142.91** | - |
| Rounding off | **-4.14** | 1.03 |
| **Total** | **447,091.21** | 632,905.17 |

**22 NON-OPERATING EXPENSES**

| Item | Current period | Prior period |
|---|---|---|
| Disposal of fixed assets and long-term deferred expenses | **279.82** | 848,469.33 |
| Loss of input tax | **-** | 5,018.83 |
| **Total** | **279.82** | 853,488.16 |

**VII. RELATED PARTY TRANSACTION**

**Related party relationships**

| Name of Entity | Relationship with the Company |
|---|---|
| Tech Mahindra Ltd. | Investor |
| Tech Mahindra (Beijing) IT Services Limited | Controlled by the same party |
| Born Group Pte Limited | Controlled by the same party |
| Thirdware Solution Limited | Controlled by the same party |
| SCTM Engineering Corporation | Controlled by the same party |
| Mahindra & Mahindra Ltd. | Investor's shareholder |

**Related party relationships**

| Name of Entity | Description | Transactions in 2022 |
|---|---|---|
| Tech Mahindra Ltd. | Receiving services | 22,835,559.40 |
| Tech Mahindra Ltd. | Rendering services | 12,821,170.23 |
| Tech Mahindra (Beijing) IT Services Limited | Receiving services | 449,495.10 |
| Tech Mahindra (Beijing) IT Services Limited | Rendering services | 2,029,989.34 |
| Tech Mahindra (Beijing) IT Services Limited | Offering loans | 3,000,000.00 |
| Tech Mahindra (Beijing) IT Services Limited | Recovering loans | 3,000,000.00 |
| Tech Mahindra (Beijing) IT Services Limited | Interests income | 15,509.59 |
| Born Group Pte Limited | Receiving services | -52,653.64 |
| Thirdware Solution Limited | Receiving services | 425,507.00 |
| SCTM Engineering Corporation | Receiving services | JPY 11,806,338.00 |
| SCTM Engineering Corporation | Rendering services | JPY 136,298,713.00 |
| Mahindra & Mahindra Ltd. | Rendering services | USD 118,981.03 |

**Ending Balance of related party transaction**

| Name of Entity | Account Name | Description | Ending balance |
|---|---|---|---|
| Tech Mahindra Ltd. | Accounts receivable - billed | Rendering services | 1,319,945.92 |
| Tech Mahindra Ltd. | Accounts receivable -unbill | Rendering services | 1,319,945.92 |
| Tech Mahindra (Beijing) IT Services Limited | Accounts receivable -unbill (Excluding tax) | Rendering services | 190,279.27 |
| Tech Mahindra (Beijing) IT Services Limited | Accounts receivable - billed | Rendering services | 201,696.03 |
| SCTM Engineering Corporation | Accounts receivable - billed | Rendering services | 22,888,893.00 |
| SCTM Engineering Corporation | Accounts receivable -unbill | Rendering services | 36,798,185.00 |
| Mahindra & Mahindra Ltd. | Accounts receivable - billed | Rendering services | USD 81,750.03 |
| Tech Mahindra Ltd. | Accounts payable | Receiving services | CNY 17,163,500.33<br>USD 1,398,145.07 |
| Tech Mahindra (Beijing) IT Services Limited | Accounts payable | Receiving services | 353,645.79 |
| Tech Mahindra Ltd. | Accrued expenses | Receiving services | 6,663,648.36 |
| Born Group Pte Limited | Accrued expenses | Receiving services | 792,528.16 |
| Thirdware Solution Limited | Accrued expenses | Receiving services | 425,507.00 |

## VIII. CONTINGENCIES

No disclosure is required.

## IX. EVENTS AFTER THE REPORTING PERIOD

No disclosure is required.

## X. COMPARISON INFORMATION

The comparison information has been reclassified so as to be in line with the information reported for the year 2022.

## XI. OTHERS

No disclosure is required.

# TECH MAHINDRA (NANJING) COMPANY LTD

**Board of directors**
Mr. Amitava Ghosh
Mr. Ravi Yellajosula
Mr. Mukesh Sharma

**Registered Office**
Suite 413-246,
Business Building,
Nanjing Hightech Industry Developing
Zone, Nanjing

**Bankers**
Standard Chartered Bank
China Merchant Bank

**auditors**
Shanghai Linfang Certified
Public Accountants Co., Ltd.

# DIRECTORS' REPORT

Your directors present their report together with the audited accounts of your company for the year ended December 31, 2022.

**Financial results**

| For the years ended December 31 | **2022** | 2021 |
|---|---|---|
| | **RMB** | RMB |
| Income | **667693.90** | 682357.57 |
| Profit/(Loss) before tax | **172381.47** | 185958.58 |
| Profit/(Loss) after tax | **168005.40** | 181309.61 |

**Review of Operations:**

During the year under review, your company recorded an income of RMB – 667693.90, a decrease of 2.15% over the previous year. Profit after tax was RMB 168005.40 an decrease of 7.73% over the previous year. The Company continues to invest in strengthening its marketing infrastructure in China

**Outlook for the current year:**

The liquidation process initiated earlier was withdrawn due to business reasons. The future is cautiously optimistic.

**Acknowledgments:**

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder/s for the co-operation and assistance received from them.

For Tech Mahindra (Nanjing) Company Ltd

**Amitava Ghosh**
Director

Place: Nanjing, China
Date :23 April, 2023

# INDEPENDENT AUDITORS' REPORT

**TO TECH MAHINDRA (NANJING) CO., LTD.**

**1. Opinion**

We have audited the financial statements of Tech Mahindra (Nanjing) Co., Ltd. (the Company), which comprise the statement of financial position as at December 31, 2022, and the statement of comprehensive income, statement of changes in equity and statement of Cash Flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises and the China "Accounting System for Business Enterprises".

**2. Basis for Opinion**

We conducted our audit in accordance with China Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**3. Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with China Accounting Standards for Business Enterprises and the China "Accounting System for Business Enterprises", and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**4. Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 assurance, but is not a guarantee that an audit conducted in accordance with China Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

During the process of our audit in accordance with China Auditing Standards, we exercise professional judgment and maintain professional skepticism. We also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we

are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, we shall not express unqualified 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.

(5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the those Charged with Governance about planned scope and timing of the audit, as well as significant findings from the audit, including notable internal control weaknesses identified from the audit.

Chen Jie, China Certified Public Accountant

Ren Linyu, China Certified Public Accountant

Shanghai Linfang Certified Public Accountants Co., Ltd.

Shanghai, China

April 23, 2023

# BALANCE SHEET AS AT 31 DECEMBER 2022

(All amounts in RMB Yuan unless otherwise stated)

| Assets | Notes | Ending balance | Beginning balance |
|---|---|---|---|
| **Current assets:** | | | |
| Cash and cash equivalents | 1 | **9,473,437.03** | 9,548,612.93 |
| Interest receivable | 2 | **47,634.23** | 18,492.66 |
| Accounts receivable | 3 | **377,075.84** | 178,978.78 |
| Other receivables | 4 | **4,000.00** | 4,000.00 |
| Advance to suppliers | 5 | **2,075.91** | 2,890.00 |
| Prepaid expenses | | **22,192.84** | 16,439.53 |
| Other current assets | 6 | **1,669.12** | 1,389.12 |
| **Total current assets** | | **9,928,084.97** | 9,770,803.02 |
| **Non-current assets:** | | | |
| Fixed assets-cost | 7 | **4,214,589.32** | 4,214,589.32 |
| Less: Accumulated depreciation | 8 | **4,214,050.81** | 4,210,267.31 |
| Fixed assets-net | 9 | **538.51** | 4,322.01 |
| Long-term deferred expenses | | **2.00** | 2.00 |
| **Total non-current assets** | | **540.51** | 4,324.01 |
| **Total assets** | | **9,928,625.48** | 9,775,127.03 |
| **Liabilities and owner's equity (or shareholder's equity)** | | | |
| **Current liabilities:** | | | |
| Accounts payable | | **-** | 7,683.20 |
| Taxes and dues payable | 10 | **2,309.42** | 2,383.25 |
| Other fees payable | 11 | **24.83** | - |
| Accrued expenses | | **11,930.59** | 18,705.34 |
| **Total current liabilities** | | **14,264.84** | 28,771.79 |
| **Non-current liabilities:** | | | |
| **Total non-current liabilities** | | **-** | - |
| **Total liabilities** | | **14,264.84** | 28,771.79 |
| **Owner's equity (or shareholder's equity):** | | | |
| Paid-in capital | 12 | **52,646,896.26** | 52,646,896.26 |
| Undistributed profits | 13 | **-42,732,535.62** | -42,900,541.02 |
| **Total owner's equity contributable to parent company** | | **9,914,360.64** | 9,746,355.24 |
| **Total liabilities and owner's equity (or shareholder's equity)** | | **9,928,625.48** | 9,775,127.03 |

The Notes are the following parts of the statements.

Legal Representative:

Person in charge of accounting function: XIA MEI

Person in charge of accounting department: TAO WANZHU

TECH MAHINDRA (NANJING) CO., LTD.

# INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB Yuan unless otherwise stated)

| | | Notes | Current period | Prior period |
|---|---|---|---|---|
| **I.** | **Main operating income** | 14 | **667,693.90** | 682,357.57 |
| | Less: Main operating cost | 15 | **259,090.74** | 241,482.28 |
| **II.** | **Main operating profit (losses "-")** | | **408,603.16** | 440,875.29 |
| | Less: Administrative expenses | | **347,587.76** | 374,430.07 |
| | Financial expenses | 16 | **-111,311.54** | -119,429.39 |
| **III.** | **Operating profit (losses "-")** | | **172,326.94** | 185,874.61 |
| | Add Non-operating income | 17 | **54.53** | 83.97 |
| **IV.** | **Total profit (losses "-")** | | **172,381.47** | 185,958.58 |
| | Less: income tax expenses | 18 | **4,376.07** | 4,648.97 |
| **IV.** | **Net profit** | | **168,005.40** | 181,309.61 |

The Notes are the following parts of the statements.

Legal Representative:

Person in charge of accounting function: XIA MEI

Person in charge of accounting department: TAO WANZHU

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB Yuan unless otherwise stated)

| | Item | Current period | Prior period |
|---|---|---|---|
| I | **Cash flows from operating activities:** | | |
| | Cash received from sale of goods and rendering of services | **469,596.84** | 651,895.09 |
| | Tax refund | **-** | 1,166.73 |
| | Other cash received relating to operating activities | **82,540.48** | 116,992.83 |
| | **Sub-total of cash inflows** | **552,137.32** | 770,054.65 |
| | Cash paid to and on behalf of employees | **472,836.35** | 462,268.84 |
| | Payments of taxes and levies | **4,534.25** | 5,419.55 |
| | Cash paid relating to other operating activities | **150,730.51** | 262,046.41 |
| | **Sub-total of cash outflows** | **628,101.11** | 729,734.80 |
| | Net cash flows from operating activities | **-75,963.79** | 40,319.85 |
| II | **Cash flows from investing activities:** | | |
| | **Sub-total of cash inflows** | **-** | - |
| | **Sub-total of cash outflows** | **-** | - |
| | **Net cash flows from investing activities** | **-** | - |
| III | **Cash flows from financing activities:** | | |
| | **Sub-total of cash inflows** | **-** | - |
| | **Sub-total of cash outflows** | **-** | - |
| | **Net cash flows from financing activities** | **-** | - |
| IV | **Effect of foreign exchange rate changes on cash and cash equivalents** | **787.89** | -2,818.81 |
| V | **Net increase in cash and cash equivalents** | **-75,175.90** | 37,501.04 |
| | Add: Beginning balance of cash and cash equivalents | **9,548,612.93** | 9,511,111.89 |
| VI | **Ending balance of cash and cash equivalents** | **9,473,437.03** | 9,548,612.93 |

The Notes are the following parts of the statements.

Legal Representative:

Person in charge of accounting function: XIA MEI

Person in charge of accounting department: TAO WANZHU

TECH MAHINDRA (NANJING) CO., LTD.

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

(All amounts in RMB Yuan unless otherwise stated)

| | Paid-in capital | Capital reserve | Surplus reserve | Undistributed profit | Total owner's equity |
|---|---|---|---|---|---|
| **Closing Balance at 31 December 2020** | 52,646,896.26 | - | - | -43,081,850.63 | 9,565,045.63 |
| **Beginning Balance at 1 January 2021** | 52,646,896.26 | - | - | -43,081,850.63 | 9,565,045.63 |
| Net profit | — | — | — | 181,309.61 | 181,309.61 |
| Capital contributions or decreases by owners | - | - | — | — | - |
| Profit appropriation | — | — | - | - | - |
| Transfer between equity components | - | - | - | - | - |
| **Movements in 2021** | - | - | - | 181,309.61 | 181,309.61 |
| **Closing Balance at 31 December 2021** | 52,646,896.26 | - | - | -42,900,541.02 | 9,746,355.24 |
| **Closing Balance at 31 December 2021** | 52,646,896.26 | - | - | -42,900,541.02 | 9,746,355.24 |
| **Beginning Balance at 1 January 2022** | 52,646,896.26 | - | - | -42,900,541.02 | 9,746,355.24 |
| Net profit | — | — | — | 168,005.40 | 168,005.40 |
| Capital contributions or decreases by owners | - | - | — | — | - |
| Profit appropriation | — | — | - | - | - |
| Transfer between equity components | - | - | - | - | - |
| **Movements in 2022** | - | - | - | 168,005.40 | 168,005.40 |
| **Closing Balance at 31 December 2022** | 52,646,896.26 | - | - | -42,732,535.62 | 9,914,360.64 |

The Notes are the following parts of the statements.

Legal Representative:

Person in charge of accounting function: XIA MEI

Person in charge of accounting department: TAO WANZHU

# NOTES TO FINANCIAL STATEMENTS OF 2022

(All amounts in RMB Yuan unless otherwise stated)

## I. GENERAL INFORMATION OF THE COMPANY

Tech Mahindra (Nanjing) Co., Ltd. (Formerly Satyam Computer Services (Nanjing) Co., Ltd.) ("the Company") is a wholly owned foreign enterprise invested by Tech Mahindra Limited. Registered at Nanjing Market Supervision Administration, the Company was established on June 29, 2007 and obtained the business license with Uniform Social Credit Code No.913201006606980458. The registered capital is USD 7.65 million. Residential address of the Company is Suite 413-246, Business Building, High-tech Industry Developing Zone, Nanjing. The Company has an approved operating period of 50 years.

The approved business scope is: software designing, developing, writing, testing, maintenance (including embedded system software, computer aid design, manufacturing and engineering service software, enterprise resource planning software, enterprise integrating software, customer relationship management software etc.); sales of the self-produced products and related technical consulting. (Activities related to administrative permission should be operated with approval).

## II. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises and "Accounting System for Business enterprises" as promulgated by the State of the People's Republic of China.

## III. COMPLIANCE STATEMENT

The financial statements have been prepared in accordance with "Accounting System for Business Enterprises", and present fairly, in all material respects, the financial position, financial performance, cash flows and the related financial information.

## IV. PRINCIPAL ACCOUNTING POLICIES

(a) Accounting period

The Company's accounting year starts on 1 January and ends on 31 December.

(b) Recording currency

The recording currency of the Company is the Renminbi (RMB).

(c) Basis of accounting and measurement bases

The Company follows the accrual basis of accounting. Assets are initially recorded at actual costs on acquisition and subsequently adjusted for impairment, if any.

## IV. PRINCIPAL ACCOUNTING POLICIES(CONTINUED)

(d) Foreign currency translation

Except for the accounting treatment of paid-in capital, foreign currency transactions are translated into RMB at the exchange rates stipulated by the People's Bank of China ("the stipulated exchange rates") on first day of the month in which the transactions took place. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RMB at the stipulated exchange rates at the balance sheet date. Exchange differences arising from these translations are expensed, except for those attributable to foreign currency borrowings that have been made specifically for the construction of fixed assets, which are capitalized as part of the fixed asset costs and those arising in the pre-operating period, which are recorded as long-term deferred expenses.

Contributions to paid-in capital made in foreign currencies are translated into the RMB denominated paid-in capital account at the stipulated exchange rates at the contribution dates. Exchange differences arising from foreign currency capital contribution should be recognized as capital surplus.

(e) Cash and cash equivalents

For the purposes of the cash flow statement, cash refers to all cash in hand and all deposits. Cash equivalents refer to short-term and highly-liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Receivables and provision for bad debts

Receivables comprise accounts receivable and other receivables. The provision method is used to account for potential bad debts identified by management. Receivables are presented at actual amounts net of provision for bad debts.

Accounts receivable

Accounts receivable comprises related party receivables and receivables from non-related parties.

The Company makes specific bad debts provision on an individual basis for accounts receivable that are distinctively different from any other receivable in recoverability. If there are indications that the balances cannot be recovered, the specific provision will be adjusted accordingly.

Other receivables

Specific provisions are made for other receivables on an individual basis.

Recognition criteria of bad debts loss

Where evidence exists that balances cannot be recovered due to the debtor's de-registration, bankruptcy, insolvent and death, etc., bad debts are recognized and corresponding provision for bad debts is written off after the approval of the Company's general manager or the board pursuant to the authorization policies established in the Company.

**IV. PRINCIPAL ACCOUNTING POLICIES(CONTINUED)**

(g) Fixed assets and depreciation

Fixed assets are tangible assets that are used in production, including sales of goods, rendering of services and leases, or held for management purposes, which have useful lives of more than one year and have relatively high unit price.

Fixed assets purchased or constructed by the Company are recorded at cost.

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets being provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, estimated residual values expressed as a percentage of cost and annual depreciation rates are as follows:

| | Estimated Useful Lives | Estimated Residual Value | Annual Depreciation Rate |
|---|---|---|---|
| Electronic equipment | 2-7 yrs | 0% | 14.28-50% |
| Office equipment | 3-5 yrs | 0% | 20-33.33% |
| Furniture | 5 yrs | 0% | 20.00% |

When fixed assets are sold, transferred, disposed of or damaged, gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the assets, adjusted by related taxes and expenses, and are included in non-operating income or expenses.

(h) Long-term deferred expenses

Long-term deferred expenses are expenses paid by an enterprise, for which the amortization period is more than one year (excluding one year), including land royalty and maintenance, etc. long-term deferred expenses should be amortized evenly over the respective beneficial periods and presented at an amount net of accumulated amortization.

Leasehold improvements

Leasehold improvements should be amortized evenly over the shorter of the lease term and the useful lives of the leased asset, and presented at an amount net of accumulated amortization.

## IV. PRINCIPAL ACCOUNTING POLICIES(CONTINUED)

### (i) Impairment of assets

In addition to the recognition of provisions for impairment loss on receivables and inventories which have been described in their respective accounting policies, individual assets for which there are indications that the carrying values are higher than their recoverable amounts, arising from the occurrence of events or changes in circumstances, are reviewed for impairment. If the carrying value of such assets is higher than the recoverable amount, the excess is recognized as an impairment loss.

The recoverable amount of an individual asset is the higher of its net selling price and its value in use. The net selling price is the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable and will parties, after deducting any incremental direct disposal costs. Value in use is the present value of estimated future cash flows expected being derived from continuing use of the asset and from its disposal at the end of its useful life.

When there is an indication that the need for an impairment provision recorded in a prior period no longer exists or has decreased, the provision for impairment loss is reversed. The increased carrying amount of the assets should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

### (j) Revenue recognition

Revenue from the sale of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the buyer, the Company retains neither continuing managerial involvement nor effective control over the goods sold, and it is probable that the economic benefit associated with the transaction will flow to the Company and the relevant revenue and costs can be measured reliably.

Revenue from the rendering of services shall be recognized at the time of service provided and consideration received or receivable.

Interest income should be measured based on the period between the acquisition date and the maturity date and the applicable interest rate.

Subsidy income shall be recognized at the time of receipt.

### (k) Employee benefits

The full-time employees of the Company are entitled to staff welfare benefits under existing PRC legislation, including pension benefits, medical care, unemployment insurance, housing fund and other benefits.

The Company is required to accrue for these benefits based on certain percentages of the employees' salaries, subject to certain ceilings, in accordance with the relevant PRC regulations, these benefits are levied by the human resource and social security bodies. The contributions are expensed as incurred.

### (l) Accounting for income taxes

The Company accounts for enterprise income taxes using the tax payable method. Under the tax payable method, tax expense is recognized based on current period taxable income and tax rates.

## V. TAXATION

Major applicable taxes and tax rate for the Company:

| Tax | Tax rate (%) | Tax base |
|---|---|---|
| General VAT taxpayer | 0 | Taxable sales |
| Enterprise income taxes | 25 | Taxable income |
| City maintenance tax | 7 | Payable turnover tax |
| Education surtax | 3 | Payable turnover tax |
| Local education surtax | 2 | Payable turnover tax |

The Company implements Cai Shui [2019] No. 13 standards for micro and small companies this year, the portion of annual taxable income not exceeding 1 million yuan shall be included in the taxable income at a reduced rate of 25%, and the enterprise income tax shall be paid at a 20% tax rate. The portion of annual taxable income exceeding 1 million yuan but not exceeding 3 million yuan shall be included in the taxable income at a reduced rate of 50% and the enterprise income tax shall be paid at a 20% tax rate. In consistent with the Ministry of Finance and the State Administration of Taxation Announcement No. 12 of 2021, the portion of annual taxable income not exceeding 1 million yuan for micro and small companies shall be halved from January 1, 2021 to December 31, 2022 on the basis of the preferential policy Cai Shui [2019] No. 13.

In consistent with The Ministry of Finance and the State Administration of Taxation Announcement No. 13 of 2022, the portion of annual taxable income exceeding 1 million yuan but not exceeding 3 million yuan for micro and small companies shall be included in the taxable income at a reduced rate of 25% and the enterprise income tax shall be paid at a 20% tax rate from January 1, 2022 to December 31, 2024.

## VI. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS

### 1 CASH AND CASH EQUIVALENTS

| | **Ending balance** | Beginning balance |
|---|---|---|
| Cash in bank | **9,473,437.03** | 9,548,612.93 |
| **Total** | **9,473,437.03** | 9,548,612.93 |

### 2 INTEREST RECEIVABLE

| **Item** | **Beginning balance** | **Increase** | **Decrease** | **Ending balance** |
|---|---|---|---|---|
| Fixed term deposit | 18,492.66 | 67,146.90 | 38,005.33 | **47,634.23** |
| **Total** | **18,492.66** | **67,146.90** | **38,005.33** | **47,634.23** |

### 3 ACCOUNTS RECEIVABLE

| | **Ending balance** | Beginning balance |
|---|---|---|
| Accounts receivable | **378,187.99** | 180,090.93 |
| Provision for Bad debt allowance | **1,112.15** | 1,112.15 |
| Book balance | **377,075.84** | 178,978.78 |

Aging analysis of receivables

| | **Ending balance** | | | Beginning balance | | |
|---|---|---|---|---|---|---|
| | **Amount** | **Rate(%)** | **Bad debt allowance** | Amount | Rate(%) | Bad debt allowance |
| within 1 year | **377,075.84** | **99.71** | **-** | 178,978.78 | 99.38 | - |
| over 3 years | **1,112.15** | **0.29** | **1,112.15** | 1,112.15 | 0.62 | 1,112.15 |
| Total | **378,187.99** | **100.00** | **1,112.15** | 180,090.93 | 100.00 | 1,112.15 |

## 4 OTHER RECEIVABLES

| | **Ending balance** | Beginning balance |
|---|---|---|
| Other receivables | **4,000.00** | 4,000.00 |
| Provision for Bad debt allowance | **-** | - |
| Book balance | **4,000.00** | 4,000.00 |

Aging analysis of receivables

| | **Ending balance** | | | Beginning balance | | |
|---|---|---|---|---|---|---|
| | **Amount** | **Rate(%)** | **Bad debt allowance** | Amount | Rate(%) | Bad debt allowance |
| over 3 years | 4,000.00 | 100.00 | - | 4,000.00 | 100.00 | |
| Total | **4,000.00** | **100.00** | **-** | 4,000.00 | 100.00 | - |

## 5 ADVANCE TO SUPPLIERS

| | **Ending balance** | | Beginning balance | |
|---|---|---|---|---|
| | **Amount** | **%** | Amount | % |
| within 1 year | **2,075.91** | **100.00** | 2,890.00 | 100.00 |
| Total | **2,075.91** | **100.00** | 2,890.00 | 100.00 |

## 6 OTHER CURRENT ASSETS

| **Item** | **Ending balance** | Beginning balance |
|---|---|---|
| VAT to be deducted | **1,669.12** | 1,389.12 |
| Total | **1,669.12** | 1,389.12 |

## 7 FIXED ASSETS – COST

| Item | Beginning balance | Increase | Decrease | Ending balance |
|---|---|---|---|---|
| Electronic equipment | 3,747,707.94 | - | - | 3,749,285.19 |
| Office equipment | 410,049.37 | - | - | 412,794.13 |
| Furniture | 52,510.00 | - | - | 52,510.00 |
| **Total** | **4,210,267.31** | **-** | **-** | **4,214,589.32** |

## 8 ACCUMULATED DEPRECIATION

| Item | Beginning balance | Increase | Decrease | Ending balance |
|---|---|---|---|---|
| Electronic equipment | 3,747,707.94 | 1,463.66 | - | 3,749,171.60 |
| Office equipment | 410,049.37 | 2,319.84 | - | 412,369.21 |
| Furniture | 52,510.00 | - | - | 52,510.00 |
| **Total** | **4,210,267.31** | **3,783.50** | **-** | **4,214,050.81** |

### 9 FIXED ASSETS – NET

| Item | Ending balance | Beginning balance |
|---|---|---|
| Electronic equipment | **113.59** | 1,577.25 |
| Office equipment | **424.92** | 2,744.76 |
| Furniture | **-** | - |
| **Total** | **538.51** | 4,322.01 |

### 10 TAXES PAYABLE

| Taxes | Ending balance | Beginning balance |
|---|---|---|
| Individual income tax | **1,174.57** | 1,176.54 |
| Enterprise income tax | **1,134.85** | 1,206.71 |
| **Total** | **2,309.42** | 2,383.25 |

### 11 OTHER FEES PAYABLE

| Item | Ending balance | Beginning balance |
|---|---|---|
| stamp duty | **24.83** | - |
| **Total** | **24.83** | - |

### 12 PAID-IN CAPITAL

| | **Ending balance** | | Beginning balance | |
|---|---|---|---|---|
| **Name of Investor** | **Registered Capital (USD)** | **Registered Capital (RMB)** | Registered Capital (USD) | Registered Capital(RMB) |
| Tech Mahindra Limited | **7,650,000.00** | **52,646,896.26** | 7,650,000.00 | 52,646,896.26 |
| **Total** | **7,650,000.00** | **52,646,896.26** | 7,650,000.00 | 52,646,896.26 |

### 13 UNDISTRIBUTED PROFITS

| | Ending balance | Beginning balance |
|---|---|---|
| Undistributed profits at beginning of year | **-42,900,541.02** | -43,081,850.63 |
| Current year net profit | **168,005.40** | 181,309.61 |
| Distributable profit | **-42,732,535.62** | -42,900,541.02 |
| Undistributed profits at the end of year | **-42,732,535.62** | -42,900,541.02 |

### 14 REVENUES FROM MAIN OPERATION

| Item | Ending balance | Beginning balance |
|---|---|---|
| Software designing, developing and maintenance (Exports) | **667,693.90** | 682,357.57 |
| **Total** | **667,693.90** | 682,357.57 |

### 15 COST OF MAIN OPERATION

| Item | Ending balance | Beginning balance |
|---|---|---|
| Software designing, developing and maintenance (Exports) | **259,090.74** | 241,482.28 |
| **Total** | **259,090.74** | 241,482.28 |

**16 FINANCE EXPENSES**

| | Ending balance | Beginning balance |
|---|---|---|
| Interest expenses | - | - |
| Interest income | 111,627.52 | 123,842.07 |
| Bank charges | 1,103.87 | 1,593.87 |
| Exchange losses/gains-net | -787.89 | 2,818.81 |
| **Total** | -111,311.54 | -119,429.39 |

**17 NON-OPERATING INCOMES**

| Item | Ending balance | Beginning balance |
|---|---|---|
| Personal income tax commission refund | 54.53 | 83.97 |
| **Total** | 54.53 | 83.97 |

**18 INCOME TAX**

| | Ending balance | Beginning balance |
|---|---|---|
| Income tax expenses of the current year | 4,376.07 | 4,648.97 |
| **Total** | 4,376.07 | 4,648.97 |

**19 RECONCILE NET PROFIT TO CASH FLOW FROM OPERATING ACTIVITIES**

| Item | Ending balance | Beginning balance |
|---|---|---|
| Profit/loss after tax | 168,005.40 | 181,309.61 |
| Add Depreciation of fixed assets | 3,783.50 | 25,217.17 |
| Amortization of long-term deferred expenses | - | 83.33 |
| Decrease of prepaid expenses (increase/-) | -5,753.31 | -8,023.53 |
| Increase of accrued expense (decrease/-) | -6,774.75 | 2,560.66 |
| Finance expenses | -787.89 | 2,818.81 |
| Decrease of trade and other receivables (increase/-) | -226,704.54 | -136,425.56 |
| Increase of trade and other payables (decrease/-) | -7,732.20 | -27,220.64 |
| Net Cash From Operating Activities | -75,963.79 | 40,319.85 |

**VII. RELATED PARTY TRANSACTION**

**Related party relationships**

| Name of Entity | Relationship with the Company |
|---|---|
| Tech Mahindra Limited | Investor |

**Related party transactions**

| Name of Entity | Description | Transactions in 2022 |
|---|---|---|
| Tech Mahindra Limited | Providing services | USD 99,166.85 |

**Ending Balance of related party transaction**

| Name of Entity | Account Name | Description | Ending balance |
|---|---|---|---|
| Tech Mahindra Limited | Accounts receivable | Providing service | USD 54,186.28 |

**VIII. CONTINGENCIES**

No disclosure is required.

**IX. EVENTS AFTER THE REPORTING PERIOD**

No disclosure is required.

X. COMPARISON INFORMATION

The comparison information has been reclassified so as to be in line with the information reported for the year 2022.

XI. OTHERS

No disclosure is required.

# TECH MAHINDRA SOUTH AFRICA (PTY) LIMITED

**Board of Directors**

Mr. L Ravichandran (Up to July 14, 2022)
Mr. Rikash Ramrajh Hurdeen (Up to August 8, 2022)
Mr. Kamal Singh Ramsingh (Up to August 8, 2022)
Mrs. Dhanashree Ajit Bhat
Mr. Abdul Khaleck Ismail
Mr. Rajesh Bhimsen Chandiramani (Effective August 1, 2022

**Registered Office**

10th Floor, Sandton City office Tower
Corner of Rivonia and 5th Streets
Sandton 2196, Johannesburg
South Africa

**Bankers**

HSBC Bank

**Auditors**

Morar Incorporated

# GENERAL INFORMATION

| | |
|---|---|
| Country of incorporation and domicile | South Africa |
| Nature of business and principal activities | The company is engaged in providing information technology services and solutions |
| Directors | Mr. Abdul Ismail<br>Ms. Dhanashree Bhat<br>Mr. Rajesh Chandramani |
| Registered office | 10th Floor, Sandton City office Tower<br>Corner of Rivonia and 5th Streets<br>Sandton 2196, Johannesburg<br>South Africa |
| Holding company | Tech Mahindra Holdco Proprietary Limited<br>incorporated in Mumbai, India |
| Ultimate holding company | Tech Mahindra Limited<br>incorporated in Mumbai, India |
| Bankers | HSBC |
| Auditors | Morar Incorporated<br>Chartered Accountants (SA) Registered Auditors |
| Company registration number | 2008/005138/07 |
| Tax reference number | 9548013169 |
| Level of assurance | These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa |
| Preparer | The annual financial statements were internally compiled by:<br>Abhishek M Bhagwat Finance APAC |

# TECH MAHINDRA SOUTH AFRICA (PTY) LIMITED

## DIRECTORS' REPORT

The directors have pleasure in presenting their report for the year ended 31 March 2023.

### Business activities

The company is engaged in providing of information technology services and solutions.

### Review of operations

The Company's annual financial statements set out on pages 329 to 340 adequately reflect the state of affairs and the results of the business operations of the company for the year ended 31 March 2023.

### Share capital

There was no change to authorized or issued share capital of the company during the current year.

### Dividends

The board of directors have declared an interim dividend @ SAR 0.65 Million per share aggregating to SAR 65 Million which has been provided in the financial statements (2022 - R Nil).

### Directors

The directors in office during the year and at the date of this report are:

A Ms. Dhanashree Bhat*

B Mr. Abdul Ismail

C Mr. Rajesh Chandiramani*

* Indian

### Secretary

The Company is not required to appoint secretary. Morestat Corporate Service (Pty) Ltd performs secretarial duties on behalf of the company.

| **Business Address** | **Postal Address** |
|---|---|
| 209 Soetdoring Building, 7 Protea Street<br>Doringkloof, Centurion, 0157 | PO Box 35686, Menlo Park<br>Pretoria, 0102 |

### Auditors

Morar Incorporated, having its address at Ground Floor, Ned Bank House, 161, Pietermaritz Street, Pietermaritzburg, 3201, South Africa are the auditors of the company.

### Holding company

The holding company is Tech Mahindra Holdco Pty. Ltd. and ultimate holding company is Tech Mahindra Limited.

### Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

### Subsequent events

There have been no material circumstances or events between the year end and the date of this report.

| **Dhanashree Bhat** | **Abdul Ismail** | **Rajesh Chandiramani** |
|---|---|---|
| Director | Director | Director |

Place : Pune, India
Date : June 14, 2023

# DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 327 to 328.

The annual financial statements set out on pages 329 to 340, which have been prepared on the going concern basis, were approved by the directors on June 14, 2023 and were signed on its behalf by:

Abdul Ismail　　　　　　　　Dhanashree Bhat

Rajesh Chandramani

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Tech Mahindra South Africa Proprietary Limited Opinion

We have audited the annual financial statements of Tech Mahindra South Africa Proprietary Limited set out on pages 329 to 340, which comprise the statement of financial position as at 31 March 2023, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Tech Mahindra South Africa Proprietary Limited as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of Auditor's Responsibilities for the Audit of the Annual Financial Statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Part A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the document titled "Tech Mahindra South Africa Proprietary Limited annual financial statements for the year ended 31 March 2023", which includes the Directors' Report as required by the Companies Act of South Africa and the Directors Responsibility and Approval. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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 the Directors for the Annual Financial Statements**

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Annual Financial Statements**

Our objectives are to obtain reasonable assurance about whether the annual 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 International Standards on Auditing 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 annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Ÿ Identify and assess the risks of material misstatement of the annual 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.

Ÿ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

Ÿ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Ÿ Conclude on the appropriateness of the directors' 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 annual 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.

Ÿ Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

_____________

Jennifer Reddy

Chief Executive Officer

Morar Incorporated

Chartered Accountants (SA)

Registered Auditors

Date: 29 June 2023 Pietermaritzburg

# STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

| **Particulars** | **Note** | **2023** | 2022 |
|---|---|---|---|
| **Assets** | | | |
| Non-Current Assets | 2 | **8 352 290** | 89 721 |
| Property, plant and equipment | 3 | **17 240 940** | 6 095 689 |
| Deferred tax | 4 | **69 268** | 66 505 |
| Other assets | | **25 662 498** | 6 251 915 |
| Current Assets | | | |
| Unbilled Revenue | 5 | **155 938 436** | 96 587 540 |
| Trade and other receivables | 6 | **158 758 947** | 197 471 729 |
| Rental deposits | | **-** | 37 254 |
| Cash and cash equivalents | 7 | **132 102 780** | 222 986 079 |
| Other assets | 4 | **77 072** | 31 100 |
| Current tax receivable | 8 | **23 404 451** | - |
| | | **470 281 686** | 517 113 702 |
| **Total Assets** | | **495 944 184** | 523 365 617 |
| Equity and Liabilities | | | |
| Equity | | | |
| Share capital | 9 | **100** | 100 |
| Retained income | | **110 338 109** | 146 036 859 |
| | | **110 338 209** | 146 036 959 |
| **Liabilities** | | | |
| Current Liabilities | | | |
| Trade and other payables | 10 | **251 640 993** | 367 759 907 |
| Other current liabilities | 11 | **37 951 501** | 2 980 454 |
| Provisions | 12 | **96 013 481** | 457 407 |
| Current tax payable | 8 | **-** | 6 130 890 |
| | | **385 605 975** | 377 328 658 |
| **Total Equity and Liabilities** | | **495 944 184** | 523 365 617 |

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| Particulars | Notes | 2023 | 2022 |
|---|---|---|---|
| **Revenue** | 13 | **435 832 601** | 369 705 215 |
| Cost of sales | | **(313 145 393)** | (265 365 169) |
| Gross profit | | **122 687 208** | 104 340 046 |
| Other income | 14 | **(59 400 982)** | 15 728 685 |
| Operating expenses | | **(24 564 141)** | (11 711 504) |
| Operating profit | | **38 722 085** | 108 357 227 |
| Investment revenue | 16 | **2 392 242** | 593 536 |
| Finance costs | 17 | **(127 447)** | (54 146) |
| Profit before taxation | | **40 986 880** | 108 896 617 |
| Taxation | 18 | **(11 512 012)** | (32 456 472) |
| Profit for the year | | **29 474 868** | 76 440 145 |
| Other comprehensive income | | **-** | - |
| **Total comprehensive income for the year** | | **29 474 868** | 76 440 145 |

# STATEMENT OF CHANGES IN EQUITY

| Figures in Rand | Share Capital | Accumulated Profit | Total Equity |
|---|---|---|---|
| **Balance at 31 March 2021** | **100** | **69 596 714** | **69 596 814** |
| Profit for the year | - | 76 440 145 | 76 440 145 |
| Other comprehensive income | - | - | - |
| Total comprehensive income for the year | - | 76 440 145 | 76 440 145 |
| **Balance at 31 March 2022** | **100** | **146 036 859** | **146 036 959** |
| Profit for the year | - | 29 474 868 | 29 474 868 |
| Other comprehensive income | - | - | - |
| Total comprehensive income for the year | - | 29 474 868 | 29 474 868 |
| Dividends | - | (65 173 618) | (65 173 618) |
| Total changes | - | (65 173 618) | (65 173 618) |
| **Balance at 31 March 2023** | **100** | **110 338 109** | **110 338 209** |

# STATEMENT OF CASH FLOWS

| Particulars | Notes | 2023 | 2022 |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Cash generated from operations | | **(30 001 120)** | 113 158 603 |
| Cash paid to suppliers and employees | | **-** | - |
| Cash (used in) generated from operations | | **(30 001 120)** | 113 158 603 |
| Interest income | | **2 392 242** | 593 536 |
| Finance costs | 19 | **(127 447)** | (54 146) |
| Tax paid | | **(52 192 604)** | (25 144 236) |
| **Net cash from operating activities** | | **(79 928 929)** | 88 553 757 |
| **Cash flows from investing activities** | | | |
| Movement of property, plant and equipment | 2 | **(10 954 370)** | (24 278) |
| **Total cash movement for the year** | | **(90 883 299)** | 88 529 479 |
| Cash and cash equivalents at the beginning of the year | | **222 986 079** | 134 456 600 |
| **Total cash at end of the year** | 7 | **132 102 780** | 222 986 079 |

# ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

**Accounting Policies**

## 1 Presentation of Financial Statements

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities ("IFRS for SMEs"), and the Companies Act No 71 of 2008. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

### 1.1 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation is recognized so as to write-off the cost of assets less residual values using the straight-line method, over the estimated useful life of 4 years. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with effect of any changes in estimates accounted for on a prospective basis.

### 1.2 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

The tax asset reflects the excess of tax paid by the company over the tax liability.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences and for the carry forward of unused tax losses and unused tax credits.

Deferred tax assets and liabilities are 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 tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

**Tax expenses**

Tax expense is recognised in the same component of total comprehensive income (i.e. continuing operations, discontinued operations, or other comprehensive income) or equity as the transaction or other event that resulted in the tax expense.

### 1.3 Trade receivables

Trade receivables are stated at original invoice amount net of allowance for doubtful debts. An allowance against doubtful debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

### 1.4 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances and short term deposits with original maturities of three months or less.

**1.5 Financial instruments**

A Financial instrument is a contract that give rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Financial assets or financial liabilities are initially recognized at the transaction price (including transaction cost except in the initial measurement of financial assets and liabilities that are subsequently measured at fair value through profit or loss) unless the arrangement constitutes a financing transaction for either the Company or counter party. If the arrangement constitutes a financing transaction, the Company shall measure the financial asset or liability at the present value of the future payments discounted at the market rate of interest for a similar debt instrument. Subsequently at each financial position date, the Company measure financial instruments at amortized cost using the effective interest rate method.

Effective interest method

The effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the carrying amount of the financial asset or financial liability.

**1.5 Financial instruments (continued)**

**Impairment of financial assets**

The Company assess at the end of each reporting date whether there is any indication that an asset may be impaired. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

**1.6 Trade and other payables**

Liabilities are recognized for amounts to be paid in the future for goods/services when risks and rewards attributable to goods are transferred to the Company or services are received, whether or not billed to the Company.

**1.7 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 the Company 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 a provision is measured using the cash flows estimated to settle the present obligation its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

**1.8 Revenue**

Revenue from information technology include revenue earned from services earned on time bound fixed price engagements and fixed price development contracts.

Revenue from fixed price maintenance contracts is recognised based on the right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. When services are performed through an indefinite number of repetitive acts over a specified period, revenue is recognised on a straight-line basis over the specified period unless some other method better represents the manner in which services are performed.

When the outcome of a transaction under fixed price development contracts can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;

- it is probable that the economic benefits associated with the transaction will flow to the company;

- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Stage 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 input method has been used to measure progress towards completion as there is a direct relationship between input and productivity.

In arrangements for hardware and software implementation and integration, related services and maintenance services, the Company has applied the guidance of section 23 of IFRS for SMEs by applying the revenue recognition criteria for each distinct performance obligation. In such arrangements hardware installation and software revenue is recognised on delivery and implementation and integration service is recognised as per stage of completion.

Unearned revenue arises when there are billing in excess of revenue.

Unbilled revenue is recognised when there is excess of revenue earned over billings and there is an unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Interest is recognised, in profit or loss, using the effective interest rate method.

**1.9 Operating expenses**

Operating expenses include indirect costs not specifically part of costs of revenue. Allocations between cost of revenue and operating expenses when required, are made on a consistent basis.

**1.10 Employee costs**

Employee cost directly attributable to service rendered is included in cost of revenue and indirect employee cost is included in operating expenses. Social security contributions and performance incentives expected to be paid in exchange for the services rendered by employees, are recognised during the period when the employee renders the service.

The liability for leave provision represents the amount which the company have the present obligation to pay as a result of employees' services provided upto the reporting date. The liability has been calculated at undiscounted amounts based on last drawn salary.

**1.11 Translation of foreign currencies**

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in the functional currency of the company, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period:

- foreign currency monetary items are translated using the closing rate;

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 Property, plant and equipment

| | **2023** | | | 2023 | | |
|---|---|---|---|---|---|---|
| | **Cost or revaluation** | **Accumulated depreciation and impairment** | **Carrying value** | Cost or revaluation | Accumulated depreciation and impairment | Carrying value |
| IT equipment | **11 302 128** | **(2 949 838)** | **8 352 290** | 695 516 | (516 073) | 179 443 |

Reconciliation of property, plant and equipment - 2023

| | IT equipment | Total |
|---|---|---|
| Cost | 11 302 128 | 11 302 128 |
| Accumulated depreciation | (2 949 838) | (2 949 838) |
| **Net book value at 31 March 2023** | 8 352 290 | **8 352 290** |
| Net book value at beginning of year | 89 721 | 179 443 |
| Additions | 10 954 370 | 10 954 370 |
| Depreciation | (2 691 801) | (2 691 801) |
| **Net book value at end of year** | 8 352 290 | **8 352 290** |

Reconciliation of property, plant and equipment - 2022

| | IT equipment | Total |
|---|---|---|
| Cost | 347 758 | 347 758 |
| Accumulated depreciation | (258 037) | (258 037) |
| **Net book value at 31 March 2022** | 89 721 | **89 721** |
| Net book value at beginning of year | 168 339 | 89 721 |
| Additions | 24 278 | 24 278 |
| Depreciation | (102 896) | (102 896) |
| **Net book value at end of year** | 89 721 | **89 721** |

## 3. Deferred tax

The major components of the deferred tax balance are as follows:

| **Deferred tax asset** | **2023** | 2022 |
|---|---|---|
| Arising as a result of temporary differences on: | | |
| Leave provision | **1 136 129** | 128 073 |
| Advance billing - unearned revenue | **9 175 732** | 83 362 |
| Provision for doubtful debts | **6 929 079** | 5 884 254 |
| **Total deferred tax asset** | **17 240 940** | 6 095 689 |

Reconciliation of deferred tax asset/(liability)

| | | |
|---|---|---|
| **At beginning of year** | **6 095 689** | 5 662 066 |
| Recognised in profit or loss: | | |
| Movement in temporary differences on leave provision | **1 008 057** | (26 294) |
| Movement in temporary differences on advanced billing | **9 092 370** | (687 456) |
| Movement in temporary differences on provisions for doubtful debts | **1 044 824** | 1 147 373 |
| **At end of year** | **17 240 940** | 6 095 689 |
| **Figures in Rand** | | |

| **Figures in Rand** | **2023** | 2022 |
|---|---|---|
| | **2023** | 2022 |

## 5. Unbilled Revenue

| | | |
|---|---|---|
| Unbilled revenue | **155 938 436** | 96 587 540 |

## 6. Trade and other receivables

| | | |
|---|---|---|
| **Trade Receivables** | **173 235 023** | 220 390 166 |
| Amounts due from related parties | **-** | 228 436 |
| Provisions from doubtful debts | **(32 995 612)** | (28 020 257) |
| Prepayments | **17 461 808** | 4 764 581 |
| Deposits | **266 000** | - |
| Rental deposits | **512** | - |
| Other Advances | **811 136** | 102 472 |
| Staff advance for travelling | **(19 920)** | 6 331 |
| | **158 758 947** | 197 471 729 |

## 7. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|---|---|---|
| Bank Balance - Forex adjustment | **8 635** | 402 083 |
| Bank balances | **30 951 238** | 64 414 765 |
| Deposits | **101 142 907** | 158 169 231 |
| | **132 102 780** | 222 986 079 |

## 8. Current tax receivable (payable)

The authorized share capital of the Company consists of 1000 shares of R1 each, issued and fully paid up.

| | | |
|---|---|---|
| Normal tax | **23 404 451** | (6 130 890) |

**Net current tax receivable (payable)**

| | | |
|---|---|---|
| Current  assets | **23 404 451** | - |
| Current liabilities | **-** | (3 545 374) |
| | **23 404 451** | (3 545 374) |

## 9. Share capital

**Issued**

| | | |
|---|---|---|
| Ordinary | **100** | 100 |

| **Figures in Rand** | **2023** | 2022 |
|---|---|---|
| | **2023** | 2022 |

## 10. Trade and other payables

| | | |
|---|---|---|
| Trade payables | **51 036 807** | 81 574 727 |
| Amounts due to related parties | **200 518 002** | 286 185 180 |
| Amounts received in advance | **86 184** | - |
| | **251 640 993** | 367 759 907 |

## 11. Other current liabilities

| | | |
|---|---|---|
| Current liability | **37 951 501** | 2 980 454 |

## 12. Provisions

### Reconciliation of provisions - 2023

| | **Opening** | **Additions balance** | **Closing balance** |
|---|---|---|---|
| | 457 407 | 847 285 | 1 304 692 |
| Leave provision | - | 94 708 789 | 94 708 789 |
| Miscellaneous expenses | **457 407** | **95 556 074** | **96 013 481** |

### Reconciliation of provisions - 2022

| | **Opening** | **Additions balance** | **Closing balance** |
|---|---|---|---|
| Leave provision | **-** | **457 407** | **457 407** |

Net provisions

## 13. Revenue

| | | |
|---|---|---|
| Rendering of services | **435 832 601** | 369 705 215 |

## 14. Other income

| | | |
|---|---|---|
| Loss or gain on foreign exchange differences | **(59 568 037)** | (62 141) |
| Excess provisions of earlier years written back | **-** | 15 383 803 |
| Miscellaneous income Payroll recoveries | **-** | 407 023 |
| Transport allowance | **150 975** | - |
| | **16 080** | - |
| | **(59 400 982)** | 15 728 685 |

## 15. Auditor's remuneration

| | | |
|---|---|---|
| Fees | **149 500** | 275 585 |

## 16. Investment revenue

### Interest revenue

| | | |
|---|---|---|
| Bank | **2 392 242** | 593 536 |

## 17. Finance costs

| | | |
|---|---|---|
| Interest and penalties | **127 447** | 108 292 |

| Figures in Rand | 2023 | 2022 |
|---|---|---|
| | **2023** | 2022 |

## 18. Taxation

Major components of the tax expense

| | | |
|---|---|---|
| **Current taxation** | | |
| South African normal tax - year | **21 886 446** | 27 595 002 |
| **Deferred taxation** | | |
| South African deferred tax - current year | **(10 374 434)** | 4 861 470 |
| | **11 512 012** | 32 456 472 |
| **Reconciliation of the tax expense** | | |
| Accounting profit | **40 986 880** | 108 896 617 |
| Tax at the applicable tax rate of 27% (2022: 28%) | **11 476 326** | 11 476 327 |

## 19. Tax paid

| | | |
|---|---|---|
| Balance at beginning of the year | **(3 545 374)** | 10 857 610 |
| Current tax for the year recognised in profit or loss | **(21 886 446)** | (32 456 472) |
| Balance at end of the year | **(23 404 451)** | (3 545 374) |
| | **(48 836 271)** | (25 144 236) |

## 20. Related parties

**Relationships**

| | |
|---|---|
| Ultimate holding company | Tech Mahindra Limited |
| Holding company | Tech Mahindra Holdco Proprietary Limited |
| Directors | Abdul Ismail |
| | Dhanashree Bhat |
| | Rajesh Chandramani |

**Related party balances and transactions**

**Related party balances**

| | | |
|---|---|---|
| **Loan accounts - Owing (to) by related parties** | | |
| Tech Mahindra Limited Incorporated in India | **200 518 002** | 286 185 180 |
| Abdul Ismail | **-** | 40 000 |

## 21. Directors' Emoluments

| | | |
|---|---|---|
| Abdul Ismail | **480 000** | 480 000 |
| Kamal Singh Ramsingh | **160 000** | 480 000 |
| Hurdeen Rikash | **160 000** | 480 000 |
| | **800 000** | 1 440 000 |

**22. Leases**

The Company has taken premise on operating lease. The expense on such lease rentals recognised in the statement of profit and loss for the year ended 31 March 2023 is ZAR 1 248 000 (31 March 2022: ZAR 139 531).

**23. Subsequent events**

No adjusting or significant non adjusting events have occurred between the reporting date and the date of authorisation.

# TENZING LIMITED

**Unaudited Financial Statements**
**for the year ended March 31, 2023**

**Directors**
Mr. Christopher Day
Mr. Surijakumar Bartlett
Mr. Gautum Bhasin
Mr. Anuj Bhalla (appointed 19 May 2022)
Mr. Jeffrey Ferdinands (ceased 19 May 2022)
Mr. Viswanath Chavali (ceased 10 March 2023)
Mr. Anshul Sarin (appointed 24 March 2023)

**Registered Office**
Level 5
22 Fanshawe Street
Auckland, 1010
New Zealand

**Nature of business**
Management and technology consulting services

**Bankers**
Westpac Banking Corporation

**Auditor**
Grant Thornton New Zealand Audit Limited
Auckland

# STATEMENT OF COMPREHENSIVE INCOME

**For the year ended 31 March 2023**

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | **$** | $ |
| Revenue | | **37,561,651** | 33,421,708 |
| Cost of sales | | **(6,360,637)** | (3,971,262) |
| **Gross profit** | | **31,201,014** | 29,450,446 |
| Employee expenses | | **(27,322,193)** | (24,750,424) |
| Administration expenses | | **(343,648)** | (314,107) |
| **Operational expenses** | | **(1,310,241)** | (1,153,348) |
| Depreciation, amortisation and impairment of non-financial assets | | **(635,809)** | (626,574) |
| **Operating profit** | | **1,589,123** | 2,605,993 |
| Net finance (expense)/income | 3 | **(82,083)** | (116,959) |
| **Profit before income tax** | | **1,507,040** | 2,489,034 |
| Income tax (expense) / benefit | 4 | **(436,520)** | 468,129 |
| **Net profit for the year** | | **1,070,520** | 2,957,163 |
| Other comprehensive income | | **-** | - |
| **Total other comprehensive income** | | **-** | - |
| **Comprehensive income for the year attributable to the owners** | | **1,070,520** | 2,957,163 |

# STATEMENT OF FINANCIAL POSITION

**As at 31 March 2023**

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | **$** | $ |
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | **4,906,536** | 4,025,958 |
| Trade and other receivables | 5 | **5,882,052** | 6,254,031 |
| Related parties | 7 | **3,403,352** | 1,261,044 |
| Current income tax | | **-** | - |
| **Total current assets** | | **14,191,940** | 11,541,033 |
| **Non-current assets** | | | |
| Property plant and equipment | | **1,277,092** | 1,713,025 |
| **Total non-current assets** | | **1,277,092** | 1,713,025 |
| **Total assets** | | **15,469,032** | 13,254,058 |
| Current liabilities | | | |
| Trade and other payables | 6 | **5,718,105** | 4,822,249 |
| Related parties | 7 | **1,212,471** | 73,203 |
| **Current income tax** | | **208,722** | 685,205 |
| **Total current liabilities** | | **7,139,298** | 5,580,657 |
| Non-current liabilities | | | |
| Trade and other payables | 6 | **532,465** | 946,652 |
| **Total non-current assets** | | **532,465** | 946,652 |
| **Total liabilities** | | **7,671,763** | 6,527,309 |
| **NET ASSETS** | | **7,797,269** | 6,726,749 |
| **EQUITY** | | | |
| Retained earnings | | **7,797,269** | 6,726,749 |
| **Total Equity** | | **7,797,269** | 6,726,749 |

# STATEMENT OF CHANGES IN EQUITY

**For the year ended 31 March 2023**

| | Retained earnings | Total equity |
|---|---|---|
| | $ | $ |
| **As at 1 April 2022** | 6,726,749 | 6,726,749 |
| Profit for the year | 1,070,520 | 1,070,520 |
| Dividends | - | - |
| Other comprehensive income for the year | - | - |
| **As at 31 March 2023** | **7,797,269** | **7,797,269** |
| **As at 1 April 2021** | 3,769,586 | 3,769,586 |
| Profit for the year | 2,957,163 | 2,957,163 |
| Dividends | - | - |
| Other comprehensive income for the year | - | - |
| **As at 31 March 2022** | **6,726,749** | **6,726,749** |

# STATEMENT OF CASH FLOWS

**For the year ended 31 March 2023**

| | 2023 | 2022 |
|---|---|---|
| | **$** | $ |
| **Operating activities** | | |
| Receipts from customers | **43,971,333** | 37,464,592 |
| Payments to suppliers and employees | **(39,459,033)** | (33,505,080) |
| Interest received | **7,545** | 254 |
| Finance costs | **(89,628)** | (117,213) |
| Income tax (paid) / refunded | **(913,003)** | 1,376,644 |
| **Net cash generated from / (used in) operating activities** | **3,517,214** | 5,219,197 |
| **Investing activities** | | |
| Purchase of plant and equipment | **(199,875)** | (346,196) |
| **Net cash generated from / (used in) investing activities** | **(199,875)** | (346,196) |
| **Financing activities** | | |
| Receipt of related party advances | **-** | - |
| Payment of related party advances | **(1,966,980)** | (1,966,980) |
| Dividend | **-** | - |
| Repayment of lease liability principal | **(469,781)** | (467,332) |
| **Net cash generated from / (used in) financing activities** | **(2,436,761)** | (2,434,312) |
| Net change in cash and cash equivalents | **880,578** | 2,438,689 |
| Cash and cash equivalents, beginning of period | **4,025,958** | 1,587,269 |
| **Cash and cash equivalents, end of period** | **4,906,536** | 4,025,958 |

# NOTES TO THE FINANCIAL STATEMENTS

**For the year ended 31 March 2023**

## 1. Corporate information

The reporting entity is Tenzing Limited (the "Company"). It is profit orientated and is registered under the Companies Act 1993. The Company is a reporting entity for the purposes of the Financial Reporting Act 2013 and its financial statements comply with that Act.

The Company's primary activity is management and technology consulting services.

## 2. Summary of significant accounting policies

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

### a) Basis of preparation

The Company has adopted the New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ("NZ IFRS – RDR") as set out in the External Reporting Board's "Accounting Standards Framework".

The financial statements are general purpose financial statements that have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial reporting standards as appropriate for profit-oriented entities. The Company has reported under NZ IFRS – Reduced Disclosure Regime of the External Reporting Board as the Company is a for-profit Tier 2 entity for financial reporting purposes on the basis that it does not have public accountability and is not a large for-profit public sector entity. The financial statements have been prepared in accordance with the requirements of the Companies Act 1993 and the Financial Reporting Act 2013.

The financial statements have been prepared on the basis of historical cost, being based on the fair values of the consideration given in exchange for assets. The financial statements have been prepared under the assumption that the Company operates on a going concern basis.

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

### b) Changes in accounting policy

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new accounting standards that came into effect during the current year.

The Company has adopted all the new or amended Accounting Standards and Interpretations issued by the New Zealand International Accounting Standards ("NZ IAS") that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have a significant impact on the financial position of the Company.

Any new or amended Accounting Standards or Intepretations that are not mandatory have not been early adopted.

### c) Foreign currency translation

#### (i) Functional and presentation currency

Both the functional and presentation currency of the Company is New Zealand dollars ($).

(ii) Transactions & balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

**d) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**e) Financial instruments**

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**Financial assets**

Financial assets principally consist of the Company's cash and cash equivalents and trade and other receivables. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Trade receivables, which generally have 30-90-day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts. An allowance for credit losses is made when there is objective evidence that the Company will not be able to collect the debt. Credit losses are written off during the period in which they are identified.

**Financial liabilities**

The Company's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

**f) Property, plant and equipment**

All property, plant and equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management. This also includes assets held under a finance lease. Property, plant and equipment are subsequently measured using the cost model, being cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line ("SL") basis to write down the cost of the building right of use asset and on a diminishing value ("DV") basis to write down the cost of furniture and fittings, IT equipment and other equipment. The following useful lives are applied:

- Furniture and fittings - 13% to 25% DV
- IT equipment - 50% DV
- Office equipment - 10% to 50% DV
- Building Right to Use - 16.67% SL

All intangible assets, which comprises software, are accounted for using the cost model whereby capitalised costs are amortised on a diminishing value ("DV") basis over their estimated useful lives. The following useful lives are applied:

- Software - 50% DV

Amortisation has been included within depreciation.

Estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

Subsequent expenditures on the maintenance of software is expensed as incurred.

| | Furniture and fittings | IT equipment | Office equipment | Building Right to Use | Software | Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| **Year ended 31 March 2022** | | | | | | |
| Opening net book amount | 139,719 | 217,047 | 20,486 | 1,586,085 | 30,066 | 1,993,403 |
| Additions | 21,184 | 314,382 | 1,427 | - | 9,203 | 346,196 |
| Disposals | - | - | - | - | - | - |
| Depreciation / amortisation | (21,982) | (198,097) | (5,594) | (383,815) | (17,086) | (626,574) |
| **Closing net book amount** | **138,921** | **333,332** | **16,319** | **1,202,270** | **22,183** | **1,713,025** |
| **As at 31 March 2022** | | | | | | |
| Cost | 215,987 | 1,988,955 | 192,253 | 2,313,630 | 553,069 | 5,263,894 |
| Accumulated depreciation / amortisation | (77,066) | (1,655,623) | (175,934) | (1,111,360) | (530,886) | (3,550,869) |
| **Net book amount** | **138,921** | **333,332** | **16,319** | **1,202,270** | **22,183** | **1,713,025** |

| | Furniture and fittings | IT equipment | Office equipment | Building Right to Use | Software | Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| **Year ended 31 March 2023** | | | | | | |
| Opening net book amount | 138,921 | 333,332 | 16,319 | 1,202,270 | 22,183 | 1,713,025 |
| Additions | - | 196,766 | - | - | 3,109 | 199,875 |
| Disposals | - | - | - | - | - | - |
| Depreciation / amortisation | (20,182) | (217,106) | (3,152) | (383,815) | (11,553) | (635,808) |
| **Closing net book amount** | **118,739** | **312,992** | **13,167** | **818,455** | **13,739** | **1,277,092** |
| **As at 31 March 2023** | | | | | | |
| Cost | 215,987 | 2,185,721 | 192,253 | 2,313,630 | 556,178 | 5,463,769 |
| Accumulated depreciation / amortisation | (97,248) | (1,872,729) | (179,086) | (1,495,175) | (542,439) | (4,186,677) |
| **Net book amount** | **118,739** | **312,992** | **13,167** | **818,455** | **13,739** | **1,277,092** |

**g) Provisions**

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

Provisions are reviewed at each balance date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in provision due to the passage of time is recognised in finance costs.

**h) Employee benefits**

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

**i) Operating expenses**

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

**j) Revenue recognition**

Revenue arises from the provision of software services and business process outsourcing services. To determine when to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when and as its performance obligations are satisfied.

The Company enters into agreements with customers to provide software and business process outsourcing solutions, which are specific to that customer's requirements. Services are provided in exchange for a consideration which is calculated either on a 'time and material' basis or a fixed price basis and it recognises the revenue over time. Due to the high degree of interdependence between the various elements of these projects, they are accounted for as a single performance obligation.

To depict the progress by which the Company transfers control of the software and services the customer, and to establish when and to what extent revenue can be recognised, the Company measures its progress towards complete satisfaction of the performance obligation by measuring outputs to date. This basis provides the most faithful depiction of the transfer of goods and services to each customer due to the Company's ability to accurately measure the time and materials incurred to date.

If the Company satisfies a performance obligation before it receives the consideration, the Company recognises accrued income within trade and other receivables in its statement of financial position.

All revenue is earned in New Zealand and is recognised in the month that the work is completed.

**k) Income tax**

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, Inland Revenue and other taxation authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences and tax losses can be utilised. The company has not recognised any deferred tax assets.

**l) Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the Inland Revenue Department, in which case the GST is recognised as part of the cost of the acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Inland Revenue Department.

**m) Significant management judgement in applying accounting policies and estimation uncertainty**

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

**Contract revenue**

Recognised amounts of contract revenues and related receivables reflect management's best estimate of each contract's outcome and stage of completion. This includes the assessment of the profitability of on-going contracts. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

## 3. Finance (expense)/income

Finance (expense)/income for the reporting periods consists of the following:

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| Interest income | **7,545** | 254 |
| **Finance income** | **7,545** | 254 |
| Interest and bank charges | **(89,628)** | (117,213) |
| **Finance costs** | **(89,628)** | (117,213) |
| **Net finance income/(expense)** | **(82,083)** | (116,959) |

## 4. Income tax

| | 2023 | 2022 |
|---|---|---|
| | **$** | $ |
| **(a) Income tax expense** | | |
| The major components of income tax expense are: | | |
| Statement of comprehensive income | | |
| Current tax expense | **436,520** | 677,575 |
| Adjustments to current tax in prior years | **-** | (1,145,703) |
| Deferred tax expense relating to the origination and reversal of temporary differences | **-** | - |
| Adjustments to deferred tax in prior years | **-** | - |
| **Income tax expense / (benefit) reported in profit or loss** | **436,520** | (468,129) |

(b) Numerical reconciliation between aggregate tax expense recognised in profit or loss and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Company's applicable income tax rate is as follows:

| | 2023 | 2022 |
|---|---|---|
| | **$** | $ |
| **Total accounting profit before income tax** | **1,507,040** | 2,489,034 |
| At the Company's statutory income tax rate of 28% (2022: 28%) | **421,971** | 696,930 |
| Non-deductible items | **14,549** | (19,356) |
| Under/(over) provision in prior years | **-** | (1,145,703) |
| Other | **-** | - |
| **Aggregate income tax expense** | **436,520** | (468,129) |

## 5. Trade and other receivables

| | 2023 | 2022 |
|---|---|---|
| | **$** | $ |
| Trade receivables | **4,888,691** | 5,664,125 |
| Prepayments | **383,760** | 355,364 |
| Work in progress | **609,601** | 201,451 |
| Sundry receivables | **-** | 33,091 |
| **Carrying amount of trade and other receivables** | **5,882,052** | 6,254,031 |

## 6. Trade and other payables

| | 2023 | 2022 |
|---|---|---|
| | **$** | $ |
| **(a) Current liabilities** | | |
| Trade payables | **684,676** | 252,318 |
| Cadence Management Limited | **-** | 607 |
| Employee benefits | **1,467,542** | 1,363,388 |
| GST payable | **412,789** | 394,291 |
| Provisions | **1,641,833** | 1,500,000 |
| Lease liability | **414,187** | 386,264 |
| Sundry payables | **1,097,078** | 925,381 |
| **Carrying amount of trade and other payables - current** | **5,718,105** | 4,822,249 |
| **(b) Non-current liabilities** | | |
| Lease liability | **532,465** | 946,652 |
| **Carrying amount of trade and other payables - non-current** | **532,465** | 946,652 |

## 7. Related parties

The Company's related parties include its key management, and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

For the year ended 31 March 2023 total compensation for key management personnel amounted to $5,797,184 (2022: $5,638,459). The key management personnel are all the directors of the company and the six executives with the greatest authority for the strategic direction and management of the Company.

| | | | 2023 | 2022 |
|---|---|---|---|---|
| | | | **$** | $ |
| **(a) Related party transactions** | | | | |
| **Name** | **Relationship** | **Transaction** | | |
| Tenzing Australia Limited | Common ownership | Sales to | **943,291** | 803,866 |
| Tenzing Australia Limited | Common ownership | Purchases from | **1,428,003** | 813,774 |
| Tenzing Australia Limited | Common ownership | Advances to | **2,400,000** | 1,966,980 |
| Tech Mahindra Limited | Parent company | Sales to | **-** | 52,615 |
| Tech Mahindra Limited | Parent company | Purchases from | **1,131,607** | 125,819 |
| | | | **4,771,294** | 3,584,620 |
| **(b) Related party balances** | | | | |
| **Name** | **Relationship** | **Type** | | |
| Tenzing Australia Limited | Common ownership | Receivable | **3,403,352** | 1,261,044 |
| Tech Mahindra Limited | Parent company | Payable | **1,212,471** | 73,203 |

## 8. Financial instruments

The Company's principal financial instruments comprise receivables, payables and cash.

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| **Financial assets:** | | |
| - Cash and cash equivalents | **4,906,536** | 4,025,958 |
| - Trade and other receivables | **4,888,691** | 5,898,667 |
| | **9,795,227** | 9,924,625 |
| **Financial liabilities at amortised cost:** | | |
| - Trade and other payables (current liabilities) | **2,608,730** | 1,958,861 |
| - Trade and other payables (non-current liabilities) | **-** | 946,652 |
| | **2,608,730** | 2,905,513 |

The fair values of these financial instruments approximate to their carrying values.

## 9. Leases

The Company as a lessee

For any contracts entered into, the Company considers whether a contract is, or contains, a lease.

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the Statement of Financial Position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-to-use assets have been included in Property, plant and equipment and lease liabilities have been included in Trade and other payables.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred. The Company leases two premises under a non-cancellable operating lease.

Set out below are the carrying amounts of right of use assets recognised and the movements during the period:

| | Office Building | Total |
|---|---|---|
| | $ | $ |
| As at 1 April 2021 | 1,586,085 | 1,586,085 |
| Lease modification | - | - |
| Depreciation expense | (383,815) | (383,815) |
| As at 31 March 2022 | 1,202,270 | 1,202,270 |

Set out below are the carrying amounts of lease liabilities and the movements during the period:

| | |
|---|---|
| As at 1 April 2021 | 1,693,139 |
| Lease modification | - |
| Accretion of interest | 107,108 |
| Payments | (467,332) |
| **As at 31 March 2022** | 1,332,915 |

The following are the amounts recognised in profit and loss:

| | |
|---|---|
| Depreciation expense of right of use assets | 383,815 |
| Interest expense on lease liabilities | 107,108 |
| **Total amount recognised in profit and loss** | 490,923 |

| | Office Building | Total |
|---|---|---|
| | $ | $ |
| As at 1 April 2022 | 1,202,270 | 1,202,270 |
| Lease modification | - | - |
| Depreciation expense | (383,815) | (383,815) |
| As at 31 March 2023 | 818,455 | 818,455 |

Set out below are the carrying amounts of lease liabilities and the movements during the period:

| | |
|---|---|
| As at 1 April 2022 | 1,332,915 |
| Lease modification | - |
| Accretion of interest | 81,068 |
| Payments | (467,332) |
| **As at 31 March 2023** | 946,651 |

The following are the amounts recognised in profit and loss:

| | |
|---|---|
| Depreciation expense of right of use assets | 383,815 |
| Interest expense on lease liabilities | 81,068 |
| **Total amount recognised in profit and loss** | 464,883 |

**10. Capital Commitments**

The Company has no capital commitments as at 31 March 2023 (2022: nil).

**11. Contingencies**

The Company has no contingencies at year as at 31 March 2023 (2022: nil).

**12. Post-Reporting date events**

The Directors are not aware of any other matters or circumstances after year end which would impact the financial statements.

# TENZING AUSTRALIA LIMITED

**Unaudited Financial Statements for the year ended March 31, 2023**

**Directors**
Mr. Surijakumar Bartlett
Mr. Christopher Day
Mr. Jeffrey Ferdinands (ceased 19 May 2022)
Mr. Viswanath Chavali (ceased 10 March 2023)
Mr. Gautum Bhasin
Mr. Anuj Bhalla (appointed 19 May 2022)
Mr. Anshul Sarin (appointed 24 March 2023)

**Registered Office**
48b Arundel Street
Hillsborough
Auckland, 1041
New Zealand

**Nature of business**
Management and technology consulting services

**Bankers**
Westpac Banking Corporation

**Auditor**
Grant Thornton New Zealand Audit Limited
Auckland

# STATEMENT OF COMPREHENSIVE INCOME

**For the year ended 31 March 2023**

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | **$** | $ |
| Revenue | | **9,321,007** | 8,281,770 |
| Cost of sales | | **(6,476,083)** | (5,655,230) |
| **Gross profit** | | **2,844,924** | 2,626,540 |
| Other income / (expense) | | **(13,449)** | (45,135) |
| Employee expenses | | **(1,734,204)** | (1,293,298) |
| Administration expenses | | **(21,200)** | (4,403) |
| Operational expenses | | **(10,042)** | (7,653) |
| **Operating profit** | | **1,066,029** | 1,276,051 |
| Net finance (expense) / income | 3 | **180** | (127) |
| **Profit before income tax** | | **1,066,209** | 1,275,924 |
| Income tax expense | 4 | **(277,214)** | (225,099) |
| **Net profit for the year** | | **788,995** | 1,050,825 |
| Other comprehensive income / (expense) | | **(67,565)** | (135,024) |
| **Total other comprehensive income / (expense)** | | **(67,565)** | (135,024) |
| **Comprehensive income for the year attributable to the owners** | | **721,430** | 915,801 |

# STATEMENT OF FINANCIAL POSITION

**As at 31 March 2023**

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | **$** | $ |
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | **942,025** | 245,063 |
| Trade and other receivables | 5 | **682,931** | 872,404 |
| Current income tax | | **3,775** | 17,302 |
| Related parties | 7 | **5,833,709** | 3,622,797 |
| **Total current assets** | | **7,462,440** | 4,757,566 |
| **Total assets** | | **7,462,440** | 4,757,566 |
| **Current liabilities** | | | |
| Trade and other payables | 6 | **1,280,067** | 1,438,931 |
| Current income tax | | **-** | - |
| Related parties | 7 | **3,403,352** | 1,261,044 |
| Total current liabilities | | **4,683,419** | 2,699,975 |
| **NET ASSETS** | | **2,779,021** | 2,057,591 |
| **EQUITY** | | | |
| Retained earnings | | **3,010,571** | 2,221,576 |
| Foreign currency translation reserve | | **(231,550)** | (163,985) |
| **Total Equity** | | **2,779,021** | 2,057,591 |

# STATEMENT OF CHANGES IN EQUITY

**For the year ended 31 March 2023**

| | Foreign currency translation reserve | Retained earnings | Total equity |
|---|---|---|---|
| | $ | $ | $ |
| | | - | - |
| **As at 1 April 2022** | (163,985) | 2,221,576 | 2,057,591 |
| Profit for the year | - | 788,995 | 788,995 |
| Dividends | - | - | - |
| Other comprehensive income for the year | (67,565) | - | (67,565) |
| **As at 31 March 2023** | **(231,550)** | **3,010,571** | **2,779,021** |
| **As at 1 April 2021** | **(28,961)** | **1,170,751** | **1,141,790** |
| Profit for the year | - | 1,050,825 | 1,050,825 |
| Dividends | - | - | - |
| Other comprehensive income for the year | (135,024) | - | (135,024) |
| **As at 31 March 2022** | **(163,985)** | **2,221,576** | **2,057,591** |

# STATEMENT OF CASH FLOWS

**For the year ended 31 March 2023**

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| **Operating activities** | | |
| Receipts from customers | **9,844,485** | 5,845,882 |
| Payments to suppliers and employees | **(9,511,341)** | (7,752,299) |
| Income tax paid | **(263,687)** | (310,105) |
| Finance costs | **180** | (127) |
| **Net cash generated from / (used in) operating activities** | **69,637** | (2,216,649) |
| **Financing activities** | | |
| Dividends paid | **-** | - |
| Receipt of related party advances | **627,325** | 1,986,205 |
| **Net cash generated from / (used in) financing activities** | **627,325** | 1,986,205 |
| Net change in cash and cash equivalents | **696,962** | (230,444) |
| Cash and cash equivalents, beginning of period | **245,063** | 245,063 |
| **Cash and cash equivalents, end of period** | **942,025** | 14,619 |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

**1. Corporate information**

The reporting entity is Tenzing Australia Limited (the “Company”). It is profit orientated and is registered under the Companies Act 1993. The Company is a reporting entity for the purposes of the Financial Reporting Act 2013 and its financial statements comply with that Act.

The Company’s primary activity is management and technology consulting services.

**2. Summary of significant accounting policies**

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

**a) Basis of preparation**

The Company has adopted the New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime (“NZ IFRS – RDR”) as set out in the External Reporting Board’s “Accounting Standards Framework”.

The financial statements are general purpose financial statements that have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (“NZ GAAP”). They comply with New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”) and other applicable financial reporting standards as appropriate for profit-oriented entities. The Company has reported under NZ IFRS – Reduced Disclosure Regime of the External Reporting Board as the Company is a for-profit Tier 2 entity for financial reporting purposes on the basis that it does not have public accountability and is not a large for-profit public sector entity. The financial statements have been prepared in accordance with the requirements of the Companies Act 1993 and the Financial Reporting Act 2013.

The financial statements have been prepared on the basis of historical cost, being based on the fair values of the consideration given in exchange for assets. The financial statements have been prepared under the assumption that the Company operates on a going concern basis.

**b) Changes in accounting policy**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new accounting standards that came into effect during the current year.

The Company has adopted all the new or amended Accounting Standards and Interpretations issued by the New Zealand International Accounting Standards (“NZ IAS”) that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have a significant impact on the financial position of the Company.

Any new or amended Accounting Standards or Intepretations that are not mandatory have not been early adopted.

**c) Foreign currency translation**

**(i) Functional and presentation currency**

The functional currency of the Company is Australian dollars. The presentation currency of the Company is New Zealand dollars (NZ$).

**(ii) Transactions & balances**

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

**d) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**e) Financial instruments**

**Recognition and derecognition**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**Financial assets**

Financial assets principally consist of the Company's cash and cash equivalents and trade and other receivables. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Trade receivables, which generally have 30-90-day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts. An allowance for credit losses is made when there is objective evidence that the Company will not be able to collect the debt. Credit losses are written off during the period in which they are identified.

**Financial liabilities**

The Company's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

**f) Provisions**

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

Provisions are reviewed at each balance date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in provision due to the passage of time is recognised in finance costs.

**g) Employee benefits**

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

**h) Operating expenses**

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

**i) Revenue recognition**

Revenue arises from the provision of software services and business process outsourcing services. To determine when to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when and as its performance obligations are satisfied.

The Company enters into agreements with customers to provide software and business process outsourcing solutions, which are specific to that customer's requirements. Services are provided in exchange for a consideration which is calculated either on a 'time and material' basis or a fixed price basis and it recognises the revenue over time. Due to the high degree of interdependence between the various elements of these projects, they are accounted for as a single performance obligation.

To depict the progress by which the Company transfers control of the software and services the customer, and to establish when and to what extent revenue can be recognised, the Company measures its progress towards complete satisfaction of the performance obligation by measuring outputs to date. This basis provides the most faithful depiction of the transfer of goods and services to each customer due to the Company's ability to accurately measure the time and materials incurred to date.

If the Company satisfies a performance obligation before it receives the consideration, the Company recognises accrued income within trade and other receivables in its statement of financial position.

All revenue is earned in Australia and is recognised in the month that the work is completed.

**j) Income tax**

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Tax Office and other taxation authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences and tax losses can be utilised. The company has not recognised any deferred tax assets.

**k) Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the Australian Tax Office or Inland Revenue Department, in which case the GST is recognised as part of the cost of the acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Tax Office or Inland Revenue Department is included as part of receivables or payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Tax Office or Inland Revenue Department.

l) Significant management judgement in applying accounting policies and estimation uncertainty When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

**Contract revenue**

Recognised amounts of contract revenues and related receivables reflect management's best estimate of each contract's outcome and stage of completion. This includes the assessment of the profitability of on-going contracts. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

## 3. Finance (expense)/income

Finance (expense)/income for the reporting periods consists of the following:

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| Interest income | **312** | - |
| **Finance income** | **312** | - |
| Interest and bank charges | **(132)** | (127) |
| **Finance costs** | **(132)** | (127) |
| **Net finance income/(expense)** | **180** | (127) |

## 4. Income tax

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| **(a) Income tax expense** | | |
| The major components of income tax expense are: | | |
| Statement of comprehensive income | | |
| Current tax expense | **277,214** | 225,099 |
| Adjustments to current tax in prior years | **-** | - |
| Deferred tax expense relating to the origination and reversal of temporary differences | **-** | - |
| Adjustments to deferred tax in prior years | **-** | - |
| **Income tax expense reported in profit or loss** | **277,214** | 225,099 |

(b) Numerical reconciliation between aggregate tax expense recognised in profit or loss and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Company's applicable income tax rate is as follows:

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| **Total accounting profit before income tax** | **1,066,209** | 1,275,924 |
| At the Company's statutory income tax rate of 26% (2021: 28%) | **277,214** | 357,259 |
| Non-deductible/(non-assessable) items | **-** | (132,160) |
| Under/(over) provision in prior years | **-** | - |
| Other | **-** | - |
| **Aggregate income tax expense** | **277,214** | 225,099 |

## 5. Trade and other receivables

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| Trade receivables | **595,664** | 416,920 |
| Work in progress | **87,267** | 455,484 |
| **Carrying amount of trade and other receivables** | **682,931** | 872,404 |

## 6. Trade and other payables

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| Trade payables | **313,330** | 257,175 |
| Employee benefits | **77,170** | 64,770 |
| GST payable | **569,195** | 289,033 |
| Provisions | **118,244** | 696,801 |
| Sundry payables | **202,128** | 131,152 |
| **Carrying amount of trade and other payables** | **1,280,067** | 1,438,931 |

## 7. Related parties

The Company's related parties include its key management, and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

| | | | 2023 | 2022 |
|---|---|---|---|---|
| | | | $ | $ |
| **(a) Related party transactions** | | | | |
| **Name** | **Relationship** | **Transaction** | | |
| Tenzing Limited | Common ownership | Sales to | 1,428,003 | 813,774 |
| Tenzing Limited | Common ownership | Purchases from | 943,291 | 803,866 |
| Tenzing Limited | Common ownership | Advances from | 2,400,000 | 1,966,980 |
| Tech Mahindra Limited | Parent company | Sales to | 2,009,920 | 3,293,452 |
| | | | **4,771,294** | **3,584,620** |
| **(b) Related party balances** | | | | |
| **Name** | **Relationship** | **Type** | | |
| Tenzing Limited | Common ownership | Payable | 1,261,044 | 1,261,044 |
| Tech Mahindra Limited | Parent company | Receivable | **5,833,709** | **3,622,797** |

## 8 Financial instruments

The Company's principal financial instruments comprise receivables, payables and cash.

| | **2023** | 2022 |
|---|---|---|
| | **$** | $ |
| **Financial assets:** | | |
| - Cash and cash equivalents | **942,025** | 245,063 |
| - Trade and other receivables | **682,931** | 872,404 |
| | **1,624,956** | 1,117,467 |
| **Financial liabilities at amortised cost:** | | |
| - Trade and other payables | **1,084,653** | 677,360 |
| | **1,084,653** | 677,360 |

The fair values of these financial instruments approximate to their carrying values.

### 9. Capital Commitments

The Company has no capital commitments as at 31 March 2023 (2022: nil).

### 10. Contingencies

The Company has no contingencies at year as at 31 March 2023 (2022: nil).

### 11. Post-Reporting date events

The Directors are not aware of any other matters or circumstances after year end which would impact the financial statements.

# SATYAM VENTURE ENGINEERING SERVICES PRIVATE LIMITED

**Board of Directors**

Mr. Basanta Kumar Mishra- Director
Mr. Jayaraman Ganapathy- Director
Ms. Krishna Kumari Palle- Director
Mr. Narasimham Venkata Rachakonda- Director
Mr. V. Venkata Kumar Raju- Director
Mr. Venkateswara Rao Gajjala – Director
Mr. Subramanyam Reddy Chelikam- Independent Director
Mr. Venkateswarlu Jonnalagadda- Independent Director

**Committees of the Board**

**Audit Committee**

Mr. Venkateswarlu Jonnalagadda, Chairman
Mr. Subramanyam Reddy Chelikam
Mr. V. Venkata Kumar Raju

**Nomination and Remuneration Committee**

Mr. Basanta Kumar Mishra, Chairman
Mr. Venkateswarlu Jonnalagadda
Mr. Subramanyam Reddy Chelikam
Mr. Narasimham Venkata Rachakonda

**Corporate Social Responsibility Committee**

Mr. Basanta Kumar Mishra, Chairman
Mr. Jayaraman Ganapathy
Mr. V. Venkata Kumar Raju
Mr. Venkateswarlu Jonnalagadda

**Key Managerial Personnel**

Mr. Rao S. Vadlamudi – C.E.O.
Mr. Srinivas Ramancherla- C.F.O.
Ms. Aradhana Rewatkar- Company Secretary

**Auditors**

M/s. M. Bhaskara Rao & Co., Chartered Accountants
5-D, Fifth Floor, 'Kautilya'
6-3-652, Somajiguda
Hyderabad-500082

**Bankers**

ICICI Bank Limited
HSBC Bank Limited

**Registered Office:**

1-8-301-306, 3rd Floor, Ashoka MyHome Chambers,
S. P Road, Secunderabad- 500 003,
Telangana, INDIA

# DIRECTORS' REPORT

Dear Members,

Your Directors have the pleasure in presenting the Twenty Third Annual Report together with audited Financial Statements of the Company for the year ended March 31, 2023.

The Company's Standalone financial results for the year under review along with previous year's results are presented hereunder:

**Financial Highlights**

**₹ in Millions**

| **Particulars** | **2022-23** | **2021-22** |
|---|---|---|
| Income | 3,407.11 | 3,390.33 |
| Other Income | 157.89 | 123.38 |
| Total Income | 3,565.00 | 3,513.71 |
| Operating Profit (EBITDA) | 420.31 | 518.13 |
| Operating Margin *(after considering Forex loss & Provision for doubtful debts) | 12.34% | 15.28% |
| Depreciation | 57.69 | 81.23 |
| EBT | 520.51 | 560.29 |
| Net Income (PAT) | 364.42 | 404.89 |
| Current Tax | 125.11 | 160.61 |
| Tax relating to earlier years | 19.89 | -0.16 |
| Deferred Tax | 11.09 | -5.05 |
| Cash & Cash Equivalent | 340.24 | 299.14 |
| Long Term Debt | - | - |
| Capital Expenditure | 34.00 | 52.50 |

**Business Overview**

During the year under review, the Company secured business orders from 15 new Customers. Key additions include:

- Large Seating Systems Tier-1 based out of Europe
- Two EV OEMs from USA
- Powertrain Department of a German OEM
- Program Management support to a Global OEM through a Large Engineering Services Organization from Europe
- Engineering Division of a Japanese OEM
- Large Tier-1s in Lighting Systems, Interior Systems, Child Restraints, among others

The Company continued to enjoy 99% repeat business based on its quality of services and value addition. The top 15 customers accounted for 90% of the Company's revenues in FY23.

The Company revenue decreased by 7.5% in FY23 (compared to FY22) in USD terms and 0.4% in Rupee terms due to continued headwinds experienced by the global automotive industry, and the local job market issues as given below:

- Loss of billable positions / trained talent due to increased attrition in the Indian IT/ITES industry. Total number of associates resigned during FY23 is 551 (total attrition of 37.6%) coupled with a dropout rate of 40%+ among new joiners created negative impact on the current business revenues & resulted in non- fulfilment of new requirements of the customers.

- Inability to fulfill onsite requirements in China, Japan, Germany and USA due non-availability of resources in local markets due to scarcity and competition

- Continued pressure on rates at offshore and onsite due to budget cuts by customers

- Reduction of budgets for core Mechanical Engineering related services by several OEMs, reflecting a similar trend followed by top Tier-1s.

The Company had recovered ground with key customers by increasing the revenue in FY23 with a total addition of $ 4.1 M. But there was a reduction in revenue of $ 7.7 M due to the headwinds mentioned above, thus resulting in overall revenue reduction of the company in FY23.

In line with the industry trend, the company is increasing its revenue share from mechatronics services & EV segment.

The Company continued majority of the projects in work from home (WFH) mode with about 90% of the associates working from home. The Company plans to increase the associates work from office (WFO) in FY24.

The Company continued its focus on various cost optimization measures throughout the year.

The Company's Data Privacy and Info Sec Policy is at a higher level and strong compliance was demonstrated. The Company continued certifications in ISO 9001, ISO 27001, ISO 14001, ISO 45001 and also TISAX ASL 3 for its various locations globally.

One Satven onsite associate from USA OEM team co-authored two patents on new design & assembly techniques related to roof rail.

The Company continues to invest in its associates when it comes to their Training & Development and is also actively supporting EHSMS (Environment, Health & Safety Management Systems) initiatives across various locations.

Several of the Company's engineers received Achievement and Champion awards directly from customer senior leadership teams.

**Marketing & Communication**

The Company participated in various Industry Events to increase its visibility in the Automotive Market and also understand technology trends. The Company launched revamped website www.satyamventure.com along with local websites in Japanese and Chinese Languages. The Company also expanded its social media foot print – increased LinkedIn followers to 14,000+.

**Academia Connect Initiatives**

The Company continued to collaborated with Hiroshima University, Japan and launched 2nd phase of Joint Research Collaboration Partnership through mutual contribution on various advanced technologies related to BEMS & other allied fields in June 2022.

The Company is also exploring Joint Research Collaboration & Consulting related to EV related Technologies with Kagawa University.

**Future Prospects**

For long term sustenance and growth, the Company plans to develop more Offsite Engineering Centers in developed markets such as USA & Europe, expand presence in Mexico & China, and explore entering Vietnam market among others.

The Company is working on the new technology initiatives in the following areas to help achieve higher growth targets for FY24 and beyond and also meet the requirements of existing Customers and Business:

- Mechatronics

    o Battery Management System (BMS), Smart Surface and Smart Knob Technology, Software-in-Loop (SIL) testing and automation, Hardware-in-Loop (HIL) testing and automation, Functional Safety, Model Based Design (MBD) and Integrated Hardware Engineering

- Electric Vehicles

    o Electric Vehicle Teardown & Benchmarking, Design of EV Motor & 2 Speed transmission to improve Range and

Top Speed, 1D- Structural & CFD simulations, Transient & flow studies, safety and NVH investigations

- Automation / AI / ML

  o AI, ML, and DL for safety applications, ML Application for NVH simulations, Automation & Customization – Design processes, Augmented Reality / Virtual Reality (AR / VR), Manufacturing Process Automation using AR/VR technology

- Systems Engineering

The Company is also planning to invest in the acquisition of a company to complement its technology initiatives and customer reach in the markets such as NA, Europe, and APAC.

**Auditors**

M/s. M. Bhaskara Rao & Co, Chartered Accountants, Hyderabad were appointed as Statutory Auditors of the Company for a period of five (5) years from the conclusion of 19th AGM held on 23rd July, 2019, on such remuneration as may be determined by the Board of Directors. The Ministry of Corporate Affairs vide notification dated May 07, 2018, has done away with the requirement of yearly ratification of appointment of Statutory Auditors, at the AGM.

The auditors have confirmed their eligibility under Section 139 of the Companies Act, 2013 and the Rules framed thereunder for continuing in the office of Auditors for the Financial Year 2023-24.

**Auditors' Report**

There are no qualifications, reservations or adverse remarks made by the Auditor's in their Report.

In respect of Emphasis of Matters (EOM) made in the Auditors' Report, the Disclosures made at Note No. 27.2 and 28 in notes to Accounts are self-explanatory.

**Internal Financial Controls**

During the year under review, the external consultant appointed by the Company conducted periodic review of IFC Framework.

The controls are adequate for ensuring the orderly and efficient conduct of the business including adherence to the Company's policies, the safe guarding of assets, the prevention and detection of frauds and errors, the accuracy and completeness of accounting records and timely preparation of reliable financial information.

**Fixed Deposits**

Your Company has not accepted any deposit.

**Dividends**

No dividend is recommended by the Board of Directors for F.Y. 2023-24. No amount was required to be transferred to reserves.

**Meetings of the Board**

During the year ended 31st March, 2023, four Board Meetings were held on, 19h April, 2022, 15th July, 2022, 14th October, 2022 and 17th January, 2023 respectively. The intervening gap between the meetings was within the time allowed under the Companies Act, 2013.

The dates of the Committee Meetings are as follows:

Audit Committee: 19h April, 2022, 15th July, 2022, 14th October, 2022 and 17th January, 2023

CSR Committee: 19h April, 2022 and 14th October, 2022

NRC Committee: 19h April, 2022, 15th July, 2022, 14th October, 2022 and 17th January, 2023

**Directors**

The Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 for F.Y. 2023-24.

Pursuant to the provisions of Section 152(6) (c) of the Companies Act 2013, Mr. Basanta Kumar Mishra (DIN 09163831) and Ms. Krishna Kumari Palle (DIN 08011919), Directors, are liable to retire by rotation and being eligible, offer themselves for reappointment.

**Number of Board & Committee Meetings attended by the Board Members**

| Directors | Board Meeting | Audit Committee | CSR Committee | NRC Committee |
|---|---|---|---|---|
| Mr. Basanta Kumar Mishra | 4 | NAP | 2 | 4 |
| Mr. Subramanyam Reddy Chelikam | 4 | 4 | NAP | 4 |
| Mr. Jayaraman Ganapathy | 4 | NAP | 2 | NAP |
| Ms. Krishna Kumari Palle | 4 | NAP | NAP | NAP |
| Mr. Narasimham Venkata Rachakonda | 3 | NAP | NAP | 3 |
| Mr. V. Venkata Kumar Raju | 4 | 4 | 2 | NAP |
| Mr. Venkateswara Rao Gajjala | 4 | NAP | NAP | NAP |
| Mr. Venkateswarlu Jonnalagadda | 4 | 4 | 2 | 4 |

**Internal Auditor**

Pursuant to Sec 138 of the Companies Act, 2013, the Company had appointed Mr. J. S. S. Sivarama Prasad, Chartered Accountants as the Internal Auditors of the Company.

**Board Evaluation**

Pursuant to the provisions of Sec 178 of the Companies Act, 2013 and The Companies (Accounts) Rules, 2014, the Directors have reviewed the performance of the Board for F.Y. 2022-23.

**Remuneration Policy**

The Board upon the recommendations of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration during F.Y. 2014-15. Extract of the Remuneration Policy is annexed as **Annexure 'B'.**

**Corporate Social Responsibility (CSR)**

The CSR vision of the Company is "Community Development through Education".

Pursuant to the guidelines prescribed under section 135 of the Companies Act, 2013, the Board has formed a Committee viz, Corporate Social Responsibility (CSR) Committee. The Board of Directors of the Company laid down the CSR Policy, covering the Objectives, Focus Areas, Governance Structure and Monitoring & Reporting Framework among others. Subsequently the CSR Policy as recommended by the CSR Committee was approved by the Board.

The Company has spent more than 2% of the average net profits of the Company during the three immediately preceding financial years on CSR.

The policy is available at https://satyamventure.com/csr/

The Company's social initiatives are carried out by Tech Mahindra Foundation, Section 8 (erstwhile Section 25) Companies promoted by Tech Mahindra Limited. The Annual Report on CSR Activities is annexed as an **Annexure C.**

**Related Party Transactions**

All related party transactions that were entered into during the Financial Year were at arm's length basis and were in the ordinary course of business. No material related party transactions were made by the Company with its Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All Related Party Transactions for the period under review are placed before the Audit Committee and the Board for its approval. Pursuant to clause (h) of subsection (3) of Sec 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014, Form **AOC 2 is annexed to this Report as Annexure D.**

**Risk Management**

The Company has developed its Risk Assessment Framework and is being implemented under the ISO standards and IFC Framework.

The Company's Risk Management is also forming part of the Risk Management Framework adopted by the Holding Company wherein the elements of risks are overviewed for the Organization as a whole including its Subsidiaries.

**Risk Management - COVID-19**

Risk assessment & mitigation plans in perspective of the following parameters has been done:

- Customers (Revenue, Receivables, Delivery & Communication)
- Profitability Impact
- Cash flows
- Work from Home (productivity & cyber security)
- Associate engagement & wellbeing
- Vendor management
- Statutory Compliances

**Whistle Blower Mechanism**

Whistle Blower Mechanism is a part of the Company's Code of Ethical Business Conduct Policy which is applicable to all its Subsidiaries & Branches. The Policy sets out ways through which the stakeholders can raise concerns that relate to actual or suspected violations to the Corporate Ombudsman Office. No complaints were received during the period under review.

**Fraud Reporting**

No frauds were reported during the period under review.

**Sustainability**

The Company has taken several steps to support the Green Initiatives including "Disposal of E-waste through Government authorized Agency".

**Prevention of Sexual Harassment Policy**

The Company has Prevention of Sexual Harassment Policy in which it formalized a free and fair enquiry process with clear timeline. Also the Company has formed an Internal Redressal Committee to which employees can write their complaints. During the year under review, the Company has not received any such complaint in this regard and no cases were filed pursuant to The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**Annual Return**

The Annual Return in Form MGT 7 will be hosted on website at https://satyamventure.com/investors/ after necessary certification and filing the same with the authority.

**Particulars of Employment**

Section 197 (12) of the Companies Act, 2013, read with the Rule 5(1) of the Companies (Remuneration of Managerial Personnel), 2013 are not applicable for your Company.

**Form of Statement containing salient features of financial statements of subsidiaries**

The statement containing the salient features of the financial statement of a Company's Subsidiary or Subsidiaries, Associate Company or Companies and joint venture or ventures under the first proviso to sub-section (3) of section 129 in Form AOC-1 is annexed herewith as **Annexure 'E'**

**Secretarial Audit**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. M. Gayathri, Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as **Annexure 'F'**.

**Details of Subsidiaries:**

During the year under review, Company had two Subsidiaries, namely, Satven GmbH at Germany and Satyam Venture

Engineering Services (Shanghai) Co., Ltd. at China.

Company has not incorporated any new Subsidiary during the year under review.

**Particulars of loans, guarantees or investments under Section 186:**
Company did not provide/give any loans, guarantees under Section 186.

Investments under section 186 as on March, 2023 are as follows:

| Name of Body Corporate | Nature of transaction (whether Loan/Guarantee /Security /Acquisition) | Amount of Loan/ Security/Acquisition /Guarantee (in ₹) | Purpose of Loan/ Acquisition /Guarantee/ Security |
|---|---|---|---|
| Satven GmbH | Equity Investment | 3,79,82,675 | Investment in Subsidiaries |
| Satyam Venture Engineering Services (Shanghai) Co. Limited | Equity Investment | 4,95,85,908 | Investment in Subsidiaries |

**Conservation of Energy, Technology Absorption and Foreign Exchange**

The particulars prescribed as per Sec 134 (3) (m) of Companies Act 2013 read with Rule 8 of the Companies (Accounts) Rules 2014.

**A. Conservation of Energy:**

Company uses electrical energy for its equipment, such as, air-conditioners, computer terminals, lighting and utilities at work places. As an on -going process, the Company continued to undertake the following measures to conserve energy:

- Implemented LED lighting systems to optimize power consumption.
- Implementation of Sensor lighting system in cabins
- Identification and replacement of low efficient computers and peripherals.
- Conducting continuous energy conservation awareness and training sessions.
- Periodical maintenance of electrical equipment, Air conditioners & other computer peripherals.

Capital investment on energy conservation equipment: NIL

**B. Technology Absorption:** The Company has continued its endeavor to adopt technologies for its services to meet the requirements of a globally competitive market. The Company is compliant with the prevalent regulatory norms. Company collaborates with the Customers and develops the technology and register the patents from the project outcome. The Company also participates in various Global Automotive Forums to acquaint with the latest trends in the technology areas. These initiatives are providing additional revenue streams to the Company apart from higher visibility in the Market.

During the last three years, the Company did not import any technology.

No cost has been incurred towards **Research and Development**.

**D Foreign Exchange Earnings and outgo** **(₹ In Million)**

| | | **March 31, 2023** | March 31, 2022 |
|---|---|---|---|
| I) | Foreign Exchange Earnings | **2,351.88** | 2,141.34 |
| II) | Foreign Exchange outgo | **1,525.48** | 1,587.58 |

**Directors' Responsibility Statement**

As required by the provisions of Section 134 of the Companies Act, 2013, Directors' Responsibility Statement is attached as **Annexure 'A'.**

**Acknowledgement**

Directors take this opportunity to place on record the valuable contribution and support received from the Customers, Members, Banks, Suppliers, Consultants and Associates and also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

**For and on behalf of the Board of Directors**

**Place: Hyderabad**
**Date: 20th April 2023**

**Basanta Kumar Mishra**
**Chairman**

# ANNEXURE ‘A’

**Directors’ Responsibility Statement**

To the Members,

We, the Directors of Satyam Venture Engineering Services Private Limited, confirm the following:

i. that in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

ii. that the Directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for that period;

iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. That the Directors had prepared the Annual Accounts on a going concern basis.

v. The Company has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**For and on behalf of the Board of Directors**

**Place: Hyderabad**
**Date: 20th April 2023**

**Basanta Kumar Mishra**
**Chairman**

# ANNEXURE B

**Nomination and Remuneration Committee Policy**

**1. OBJECTIVE**

In compliance with the provisions of Section 178 of Companies Act 2013, following policies are formalized. :

1.1 Policy on appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel;

1.2 Policy on Remuneration to the Directors, Key Managerial Personnel, Senior Management Personnel and other Employees

1.3 Policy on Evaluation of performance of the individual Directors.

**2. DEFINITIONS**

The definitions of some of the key terms used in this Policy are given below.

**"Board"** means Board of Directors of the Company.

"Company" means Satyam Venture Engineering Services Private Limited.

"Committee(s)" means Committees of the Board for the time being in force.

**"Employee"** means employee of the Company whether employed in India or outside India.

**"HR'** means the Human Resource department of the Company.

**"Key Managerial Personnel" means KMP defined under section 2(51) of the Companies Act, 2013 i.e. Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary (CS).**

**"Nomination and Remuneration Committee" (NRC)** means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

**"Senior Management Personnel"** means personnel of the company who are members of its core management team comprising of the HODs excluding Board of Directors & KMP. HODs refers to Heads of HR, Sales & Marketing, Commercial, Corporate Services, Legal, Delivery Heads, ERP & Quality.

3. **POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTORS, KEY MANAGERIAL PERSONNEL (KMP) AND SENIOR MANAGEMENT PERSONNEL**

**3.1 Directors**

- The NRC determines the criteria for appointment to the Board and is vested with the authority to identify candidates for appointment to the Board of Directors. In evaluating the suitability of individual Board member, the NRC will take into account multiple factors, including general understanding of the business, education, professional background, personal achievements, professional ethics and integrity.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made there under.

**3.2 Key Managerial Personnel (KMP)**

- The NRC determines the criteria for appointment of KMP and is vested with the authority to identify candidates for appointment of KMP. In evaluating the suitability of individual KMP, the NRC will take into account multiple factors, including general understanding of the business, education, professional background & experience, personal achievements, professional ethics, integrity and applicable statutory / regulatory requirements.

- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate Personnel.

**3.3 Senior Management Personnel**

- The CEO determines the criteria for appointment of the Senior Management Personnel supported by HR and is also vested with the authority to appoint Senior Management Personnel. In evaluating the suitability of Senior Management Personnel, the CEO will take into account multiple factors, including general understanding of the business, education, professional background & experience, personal achievements, professional ethics and integrity.

  The details of the appointment (s) made and the personnel removed / relieved during a quarter shall be presented to the Board.

**3.4 Removal of Board of Directors**

If a Director is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations thereunder or due to non-adherence to the applicable policies of the company, the NRC may recommend to the Board for removal of a Director.

**4. REMUNERATION TO DIRECTORS, KEY MANAGERIAL PERSONNEL & SENIOR MANAGEMENT PERSONNEL :**

**4.1 Directors:**

The sitting fee for the Board and Committee meetings will be recommended by NRC to the Board.

The members on the Board, who are employees of the Holding Company, will not be paid any sitting fee for the Board and Committee meetings.

However, if necessary, NRC may recommend to the Board for such payments to any of the Directors.

4.2 Remuneration to Key Managerial Personnel & Senior Management Personnel

**4.2 (a) Key Managerial Personnel:**

- The initial remuneration of KMP will be approved by the Board of Directors based on the recommendations of NRC. Subsequent revision will be made by NRC.
- Any foreign travels of C.E.O. to be with the consent of Chairman of the Board.

**4.2 (b) Senior Management Personnel:**

- CEO supported by HR, to review and consider revision of the remuneration of Senior Management Personnel from time to time. The Company follows an extensive Performance Management System to review the performance of the Senior Management Personnel and provide rewards on the basis of meritocracy.
- CEO shall make a presentation to the NRC on the proposed annual increments based on the performance of the company, general trends in the Industry etc. the annual performance appraisal process of the employees conducted by the Human Resources department. Eligible employees will be rewarded with the annual increment. Before taking the proposal to the NRC, the CEO shall obtain the approval of Chairman of NRC.
- However, if any internal candidate is deputed by Holding Company from their rolls for any of these positions, the remuneration for such candidate(s) will be fixed by the holding company.
- The initial remuneration of HOD HR will be approved by the Board of Directors based on the recommendations of NRC. Subsequent revision will be made by NRC.

**5. EVALATION FRAMEWORK**

5.1 Performance Evaluation Individual Board members including Independent Directors:

- Evaluation for the Individual Directors, including Independent Directors will be carried out in the first month of each financial year i.e. April. The process will be initiated each year by the chairman of NRC assisted by the Company Secretary or any other person authorized by the NRC. Each Board Member will get an evaluation forms as given in Annexure-I & II in the first week of April of each year. The members shall complete the form and return it to the Chairman of NRC.

# ANNEXURE ‘C’

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

**1. Brief outline on CSR Policy of the Company:**

The CSR vision of the Company is “Community Development through Education”.

The Board of Directors of the Company laid down the CSR Policy, covering the Objectives, Focus Areas, Governance Structure and Monitoring & Reporting Framework among others. Subsequently the CSR Policy as recommended by the CSR Committee was approved by the Board.

The policy is available at https://satyamventure.com/csr/

The Company’s social initiatives are carried out by Tech Mahindra Foundation and Mahindra Educational Institutions, Section 8 (erstwhile Section 25) Companies in the Tech Mahindra group.

**2. Composition of CSR Committee:**

| Sl. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1 | Mr. B. K. Mishra | Chairman | 2 | 2 |
| 2 | Mr. Jayaraman Ganapathy | Director | 2 | 2 |
| 3 | Mr. V Venkata Kumar Raju | Director | 2 | 2 |
| 4 | Mr. Venkateswarlu Jonnalagadda | Independent Director | 2 | 2 |

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. https://satyamventure.com/csr/

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report). Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any Not Applicable

| Sl. No. | Financial Year | Amount available for set-off from preceding financial years (in ₹) | Amount required to be setoff for the financial year, if any (in ₹) |
|---|---|---|---|
| 1 | 2021-22 | NIL | NIL |
| 2 | 2020-21 | NIL | NIL |
| 3 | 2019-20 | NIL | NIL |
| | **TOTAL** | NIL | NIL |

**6. Average net profit of the company as per section 135(5): ₹ 32,45,47,916/-**

**7**. (a) Two percent of average net profit of the company as per section 135(5) ₹ 64,90,958/-

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. NIL

(c) Amount required to be set off for the financial year, if any NIL

(d) Total CSR obligation for the financial year (7a+7b-7c). ₹ 65,00,000 /-

**8.** (a) CSR amount spent or unspent for the financial year:

| **Total Amount Spent for the Financial Year. (in ₹)** | **Amount Unspent (in ₹)** | | | | |
|---|---|---|---|---|---|
| | **Total amount transferred to Unspent CSR Account as per section 135(6).** | | **Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).** | | |
| | **Amount** | **Date of transfer.** | **Name of the Fund** | **Amount** | **Date of transfer.** |
| ₹ 65,00,000/- | NIL | NIL | NIL | NIL | NIL |

(b) Details of CSR amount spent against **ongoing projects** for the financial year:

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Sl. No.** | **Name of the Project.** | **Item from the list of activities in Schedule VII to the Act.** | **Local area (Yes/ No).** | **Location of the project.** | | **Project duration.** | **Amount allocated for the project (in ₹).** | **Amount spent in the current financial Year (in ₹).** | **Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).** | **Mode of Implementa tion - Direct (Yes/No).** | **Mode of Implementation - Through Implementing Agency** | |
| | | | | **State** | **District** | | | | | | **Name** | **CSR Registration Number** |
| 1 | N.A | N.A | N.A | N.A | N.A | N.A | N.A | N.A | N.A | N.A | N.A | N.A |
| 2 | N.A | N.A | N.A | N.A | N.A | N.A | N.A | N.A | N.A | N.A | N.A | N.A |
| 3 | N.A | N.A | N.A | N.A | N.A | N.A | N.A | N.A | N.A | N.A | N.A | N.A |
| | **TOTAL** | | | | | | N.A | N.A | | | | |

*(ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project. | Item from the list of activities in Schedule VII to the Act. | Local area (Yes/ No). | Location of the project. | | Amount spent for the project (in ₹). | Mode of implementation - Direct (Yes/No). | Mode of Implementation - Through Implementing Agency | |
| | | | | State | District | | | Name | CSR Registration Number |
| 1 | SMART | (ii)* | Yes | Telangana | Hyderabad | 24,79,090 | NO | Tech Mahindra Foundation | CSR00001814 |
| 2 | SMART+ | (ii)* | Yes | Telangana | Hyderabad | 27,60,271 | NO | Tech Mahindra Foundation | CSR00001814 |
| 3 | SMART | (ii)* | Yes | Telangana | Hyderabad | 21,30,535 | NO | Tech Mahindra Foundation | CSR00001814 |
| | TOTAL | | | | | 73,69,896 | | | |

(d) Amount spent in Administrative Overheads NIL

(e) Amount spent on Impact Assessment, if applicable NIL

(f) Total amount spent for the Financial Year 73,69,896/-

(8b+8c+8d+8e)

(g) Excess amount for set off, if any

| Sl. No. | Particular | Amount (in ₹) |
|---|---|---|
| (i) | Two percent of average net profit of the company as per section 135(5) | 64,90,958/- |
| (ii) | Total amount spent for the Financial Year | 65,00,000/- |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | 9,042/- |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | 0 |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | 9,042/- |

**9.** (a) Details of Unspent CSR amount for the preceding three financial years:

| **Sl. NO** | **Preceding Financial Year.** | **Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)** | **Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.** | | | **Amount remaining to be spent in succeeding financial years. (in ₹)** |
|---|---|---|---|---|---|---|
| | | | Name of the Fund | Amount | Date of transfer. | |
| 1 | 2021-22 | NIL | NIL | NIL | NIL | NIL |
| 2 | 2020-21 | NIL | NIL | NIL | NIL | NIL |
| 3 | 2019-20 | NIL | NIL | NIL | NIL | NIL |

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):

| **(1)** | **(2)** | **(3)** | **(4)** | **(5)** | **(6)** | **(7)** | **(8)** | **(9)** |
|---|---|---|---|---|---|---|---|---|
| **Sl. No.** | **Project ID.** | **Name of the Project.** | **Financial Year in which the project was commenced.** | **Project duration.** | **Total amount allocated for the project (in ₹).** | **Amount spent on the project in the reporting Financial Year (in ₹).** | **Cumulative amount spent at the end of reporting Financial Year. (in ₹)** | **Status of the project - Completed /Ongoing.** |
| 1. | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |

**10.** In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year **(asset-wise details).**

(a) Date of creation or acquisition of the capital asset(s). Not Applicable

(b) Amount of CSR spent for creation or acquisition of capital Not Applicable

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. Not Applicable

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). Not Applicable

**11**. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). Not Applicable

| | |
|---|---|
| Rao S. Vadlamudi<br>Chief Executive Officer | B. K. Mishra<br>Chairman CSR Committee |

**For and on behalf of the Board of Directors**

**Place: Hyderabad**
**Date: 20th April 2023**

**Basanta Kumar Mishra**
**Chairman**

# ANNEXURE 'D'

**FORM AOC 2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.**

1. **Details of contracts or arrangements or transactions not at arm's length basis**

   There were no contracts or arrangements or transactions entered into during the year ended March 31, 2019, which were not at arm's length basis.

2. **Details of material contracts or arrangement or transactions at arm's length basis are as follows:**

   (a) Name(s) of the related party and nature of relationship

   **Holding Company** - Tech Mahindra Limited

   **Subsidiaries of Holding Company**–

   - Tech Mahindra GmbH
   - Tech Mahindra Foundation

   **Subsidiaries-**

   - Satyam Venture Engineering Services (Shanghai) Co. Ltd, China
   - Satven GmbH, Germany

   **Ultimate Holding Company-**

   - Mahindra & Mahindra Ltd

   **Key Managerial Personnel-**

   - Rao S. Vadlamudi, C.E.O.
   - Srinivas Ramancherla, C.F.O.
   - Aradhana Rewatkar, Company Secretary

   (b) Nature of contracts/arrangements/transactions: Providing IT enabled Engineering Services & contribution towards CSR

   (c) Duration of the contracts / arrangements/transactions: Varies from 1 to 3 years and arrangement is through Master Service Agreements and Purchase orders.

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

| Description | Transactions during the year ended March 31, 2023 (INR in MN) | | | | | Transactions during the year Ended March 31, 2022 (INR in MN) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Holding Company | Subsidiaries Company | Ultimate Holding Company | Subsidiaries of Holding Company | Key Management Personnel | Holding Company | Subsidiaries Company | Ultimate Holding Company | Subsidiaries of Holding Company | Key Management Personnel |
| Sales / Services rendered to | 462.81 | 46.98 | 27.14 | 48.45 | - | 472.96 | 55.01 | 16.20 | - | - |
| Dividend received | - | - | - | - | - | - | 30.33 | - | - | - |
| Directors' Sitting Fees | | | | | 0.73 | | | | | 0.71 |
| Remuneration | - | - | - | - | 24.74 | - | - | - | - | 19.29 |
| Stock options perquisite | - | - | - | - | - | - | - | - | - | 10.94 |
| Staff Loan/Salary Advance paid during the period | | | | | 0.25 | | | | | 2.31 |
| Advances from /(to) | - | 0.75 | - | - | - | - | - | - | - | - |
| Services received / Purchases # | 12.96 | - | - | - | - | 13.84 | - | - | - | - |
| CSR Expenses | - | - | - | 6.50 | - | - | - | - | 6.60 | - |

(e) Date(s) of approval/discussion by the Board, if any: 19h April, 2022, 15th July, 2022, 14th October, 2022 and 17th January, 2023

(f) Amount paid as advances, if any: NA

**#** Reimbursement of Salary Cost & Other Expenditure

**For and on behalf of the Board of Directors**

**Place: Hyderabad** **Basanta Kumar Mishra**
**Date: 20th April 2023** **Chairman**

# ANNEXURE 'E'

**Form AOC-I**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

**Part "A": Subsidiaries**

**(Information in respect of each subsidiary to be presented with amounts in ₹)**

1. Sl. No. **1**
2. Name of the subsidiary: **Satven GmbH**
3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period: **Same as Holding Company**
4. 4. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries. **EURO (89.371)**
5. Share capital: ₹ **3,79,82,675**
6. Reserves & surplus: ₹ **2,10,46,651**
7. Total assets: ₹ **6,72,21,136**
8. Total Liabilities: ₹ **81,91,810**
9. Investments: **NIL**
10. Turnover: ₹ **8,32,80,095**
11. Profit before taxation: ₹ **71,23,075**
12. Provision for taxation**:** ₹ **4,71,499**
13. Profit after taxation: ₹ **65,51,576**
14. Proposed Dividend: **NIL**
15. % of shareholding: **100%**

1. Sl. No. **2**
2. Name of the subsidiary: **Satyam-Venture Engineering Services (Shanghai) Co., Ltd.**
3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period: **January 1st to December 31st**
4. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries. **CNY (11.9608)**
5. Share capital**:** ₹ **4,96,19,926**
6. Reserves & surplus: ₹ **2,51,13,489**
7. Total assets: ₹ **8,97,61,471**
8. Total Liabilities: ₹ **1,50,28,056**

9. Investments: **NIL**

10. Turnover: ₹ **2,26,73,553**

11. Profit before taxation: ₹ **53,38,771**

12. Provision for taxation**: NIL**

13. Profit after taxation: ₹ **53,38,771**

14. Proposed Dividend: NIL

15. % of shareholding: **100%**

**Part "B": Associates and Joint Ventures**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures - NOT APPLICABLE**

| **Name of Associates/Joint Ventures** | **Name 1** | **Name 2** | **Name 3** |
|---|---|---|---|
| 1. Latest audited Balance Sheet Date | - | - | - |
| 2. Shares of Associate/Joint Ventures held by the company on the year end | - | - | - |
| No. of shares | - | - | - |
| Amount of Investment in Associates/Joint Venture | - | - | - |
| Extend of Holding % | - | - | - |
| 3. Description of how there is significant influence | - | - | - |
| 4. Reason why the associate/joint venture is not consolidated | - | - | - |
| 6. Networth attributable to Shareholding as per latest audited Balance Sheet | - | - | - |
| 7. Profit / Loss for the year | - | - | - |
| i. Considered in Consolidation | - | - | - |
| i. Not Considered in Consolidation | - | - | - |

1. Names of associates or joint ventures which are yet to commence operations. **NIL**

2. Names of associates or joint ventures which have been liquidated or sold during the year. NIL

**For and on behalf of the Board of Directors**

**Place: Hyderabad** | **Basanta Kumar Mishra**
**Date: 20th April 2023** | **Chairman**

# ANNEXURE 'F'

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

**The Members,**
**SATYAM VENTURE ENGINEERING SERVICES PRIVATE LIMITED**
1-8-301-306, 3rd Floor

Ashoka My Home Chambers

Secunderabad, Telangana- 500003

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SATYAM VENTURE ENGINEERING SERVICES PRIVATE LIMITED (CIN: U72200AP2000PTC033213) (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the period covering the financial year ended on 31st March, 2023 complied with the Statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter;

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;.

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under to the extent applicable;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; not applicable to the Company as the Company's Equity Shares are maintained in physical form during the audit period under review.

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings and complied with the extent applicable to the Company.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   (a) Regulation 24 ( Corporate Governance requirement with respect to subsidiary of listed entity) of The Securities and Exchange Board of India (Listing Obligations and disclosure Requirements) Regulations, 2015;

   The Company is a Private Limited Company and subsidiary of a listed company.

(vi) Laws specifically applicable to the company:

   i. The Employee Provident Fund and Miscellaneous Provisions Act, 1952
   ii. The Payment of Bonus Act, 1965
   iii. The Payment of Gratuity Act, 1972

iv. The Contract Labour (Regulation and Abolition) Act, 1970

v. The Maternity Benefits Act, 1961

vi. The Income Tax Act, 1961

vii. Shops and Establishments Act, 1948

viii. The Environment (Protection) Act, 1986

vii) Other laws to the extent applicable to the Company as per the representations made by the Company.

I have also examined compliance with the applicable clauses of the following:

(a) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements – Not applicable as the Company has not entered into any listing agreement during the financial year.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There are changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Shareholders of the company have not adopted financial statements at Annual General Meeting held on 15/07/2022 and the same was recorded as part of the Annual General Meeting minutes. The provisional un-adopted financial statements are filed with Registrar of Companies, Hyderabad and paid additional fees in filing e-form.

There were Related Party transactions which in the opinion of the management, are within the Arm's Length basis and in the normal course business, approved by Audit Committee and Board of Directors of the Company.

The Compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial auditor and other designated professionals.

Majority decision is carried through and no dissenting views were expressed by the Board Members on any subject matters discussed and that were required to be captured and recorded as part of the minutes.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period there was no event/action having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards.

**Place: Hyderabad Signature:**

**Date: 16/04/2023 Name of Company Secretary in practice:**

**MOTATI GAYATHRI**

**ACS No. 24428**

**CP No. 8947**

**UDIN:**

**Peer Review No:3141/2023**

Note: This report is to be read with my letter of even date which is annexed as Annexure 1 and forms an integral part of this report.

# "ANNEXURE 1"

**To,**

**The Member,**
**SATYAM VENTURE ENGINEERING SERVICESPRIVATE LIMITED**

1-8-301-306, 3rd Floor

Ashoka My Home Chambers

Secunderabad, Telangana- 500003

Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to Satyam Venture Engineering Services Private Limited (the 'Company') is the responsibility of the management of the Company. My examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.

2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. My responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.

3. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. I believe that the processes and practices I followed, provides a reasonable basis for my opinion for the purpose of issue of the Secretarial Audit Report.

4. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

5. Wherever required, I have obtained the Management representation about compliance of laws, rules and regulations and major events during the audit period.

6. Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of efficacy or effectiveness with which the management has conducted the affairs of the Company.

**(Motati Gayathri)**
**Practicing Company Secretary**
**ACS: 24428**
**CP No.: 8947**

# INDEPENDENT AUDITOR'S REPORT

To the Members of

Satyam Venture Engineering Services Private Limited

Report on the Audit of the Standalone Financial Statements

## Opinion

We have audited the accompanying standalone financial statements of Satyam Venture Engineering Services Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2023, 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 standalone financial statements, including a summary of the significant accounting policies and other explanatory information (here after referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, its profit and total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit of the standalone financial statements 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 Standalone Financial Statements" section of our report. We are independent of the Company in accordance with the "Code of Ethics" issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules issued thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Emphasis of Matter

We draw attention to the following notes in the standalone financial statements:

a) Note 27.2 regarding reckoning of ₹31,661.00 Lakhs as contingent liability, towards any possible charge that may arise in respect of ongoing dispute between the promoters, for the period from 01 April 2012 to 31 March 2023 based on legal advice and for reasons stated in the said note notwithstanding the status of litigation between the promoters on various issues relating to the Shareholders Agreement, the outcome of which is not determinable at this stage.

b) Note 28 regarding drawing up of accounts for the year incorporating opening balances based on the financial statements of earlier years which have not been adopted by the shareholders.

Our opinion is not modified in respect of these matters.

## Information Other than the Standalone Financial Statements and Auditor's Report Thereon

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

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained during the course of our 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.

**Management's Responsibility for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act read with the Rules issued thereunder. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone 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 in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto 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 standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("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.

2. As required by Section 143(3) of the Act, we report that:

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 Loss, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the rules issued thereunder;

   e. the matter relating to contingent liability described in paragraph (a) under the Emphasis of Matters above, in our opinion, may have an adverse effect on the functioning of the Company;

   f. on the basis of written representations received from the directors as on 31 March 2023, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023, from being appointed as a director in terms of Section 164 (2) of the Act;

   g. with respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and

   h. with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

      In our opinion and to the best of our information and according to the explanations given to us, the provisions of Section 197 of the Act and the rules thereunder are not applicable to the Company.

   i. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 as amended, 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 all pending litigations on its financial position in its standalone financial statements - Refer note 27 to the standalone financial statements;

      ii. the Company does not have any material foreseeable losses relating to long term contracts including derivate contracts as on 31 March 2023. No provision is made in respect of the contingent liability described under note 27.2 since the matters involving these litigations are sub-judice at present, the impact of these pending litigations on its financial position could not be stated in the standalone financial statements;

      iii. there are no amounts which were required to be transferred to the Investor Education and Protection Fund during the year ended 31 March 2023.

      iv. (i) the Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(ii) the Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(iii) Based on audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material mis-statement.

v. The Company has not declared or paid any dividend during the year.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

**for M. Bhaskara Rao & Co.,**
Chartered Accountants
Firm's Registration No.000459S

**K.S. Mahidhar**
Partner
Membership No. 220881
UDIN: 23220881BGVRVW2379

Hyderabad, 20 April 2023

# ANNEXURE A TO THE INDEPEN DENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Satyam Venture Engineering Services Private Limited)

**To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:**

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The fixed assets have been physically verified during the year by the Management in accordance with a programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company and the nature of their assets, the discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.

(c) The Company does not have any immovable properties and accordingly, paragraph 3(i)(c) of the Order is not applicable.

(d) The Company has not revalued its Property, Plant and Equipment or intangible assets during the year and accordingly, paragraph 3(i)(d) of the Order is not applicable.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii) (a) The Company does not have any inventory and accordingly, paragraph 3(ii)(a) of the Order is not applicable.

(b) The Company has not been sanctioned working capital limits in excess of ₹5 crores, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and accordingly, paragraph 3(ii)(b) of the Order is not applicable.

(iii) The Company has not made any investments, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties during the year and accordingly paragraph 3(iii) of the Order is not applicable, at present.

(iv) The Company has complied with the provisions of section 185 and 186 of the Act, in respect of grant of loans, investments made and providing guarantees and securities, as applicable.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits to which the directions issued by the Reserve Bank of India and provisions of Section 73 to Section 76 or any other relevant provision of the Act and the Rules made there under, where applicable. Further no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal and accordingly paragraph 3(v) of the Order is not applicable, at present.

(vi) The maintenance of cost records has not been specified by the Central Government under sub-section(1) of section 148 of the Act, for the business activities carried out by the Company.

(vii) In respect of statutory dues:

(a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and any other material statutory dues applicable to it with the appropriate authorities during the year;

There were no undisputed amounts payable in respect of goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, customs duty, excise duty, value added tax and cess which were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable; and

(b) Details of dues of income tax, provident fund and service tax which have not been deposited as on 31 March 2023 on account of disputes are given below:

| Statute | Nature of dues | Forum where dispute is pending | Period to which the amount relates | Amount involved (Rupees in Lakhs) |
|---|---|---|---|---|
| Income Tax Act 1961 | Income Tax | CIT (Appeals) | AY 2014-15, 2016-17, 2017-18 and 2018-19 | 1139.63 |
| Finance Act, 1994 | Service tax and penalty | CESTAT | 2007-08 to 2016-17 | 888.95 |
| Employees Provident Fund & Miscellaneous Provisions Act,1952 | Provident Fund | Central Government Industrial Tribunal Cum Labour Court | 2014-15 and 2015-16 | 125.96 |

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) The Company did not avail or raise any loans or other borrowings from any lender; accordingly, paragraph 3(ix) of the Order is not applicable.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(x)(a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible), and accordingly, paragraph 3(x)(b) of the Order is not applicable.

(xi) (a) During the course of our examination of the books and other records of the Company carried out in accordance with the generally accepted auditing practices in India, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year, nor have we been informed of such case by the management. Accordingly, paragraph 3(xi)(a) of the Order is not applicable.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-14 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the management, there are no whistle blower complaints received by the company during the year

(xii) 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, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and nature of its business.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

(xv) The Company has not entered into non-cash transactions with directors or persons connected with them and hence provisions of Section 192 of the Act, are not applicable.

(xvi) (a) In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

(b) In our opinion, the Company has not conducted any Non-Banking Financial or Housing Finance activities.

(c) In our opinion, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) has more than one CIC as part of the Group. The Group has six CIC as part of the Group.

(xvii) The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year, accordingly paragraph 3(xviii) of the Order is not applicable.

(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, the our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year form the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, there are no unspent amount in respect of ongoing projects, under sub-section (5) of section 135 of the Companies Act. Accordingly, paragraph 3(xx)(b) is not applicable.

(xxi) The Company does not have subsidiaries incorporated in India to which reporting under Companies (Auditor's Report) Order is applicable, accordingly, paragraph 3(xxi) is not applicable.

for **M. Bhaskara Rao & Co.,**
Chartered Accountants
Firm Registration No. 000459S

**K.S. Mahidhar**
Partner
Membership No.220881
UDIN: 23220881BGVRVW2379
Hyderabad, 20 April 2023

# ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Satyam Venture Engineering Services Private Limited)

**Report on the Internal Financial Controls with reference to Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to Standalone Financial Statements of Satyam Venture Engineering Services Private Limited ("the Company") as of 31 March 2023, in conjunction with our audit of the standalone 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to Standalone Financial Statements of the Company 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") issued by ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to Standalone Financial Statements. 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 with reference to Standalone 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 with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to Standalone 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 with reference to Standalone Financial Statements.

**Meaning of Internal Financial Controls with reference to Standalone Financial Statements**

A company's internal financial control with reference to Standalone 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 with reference to Standalone 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 with reference to Standalone Financial Statements**

Because of the inherent limitations of internal financial controls with reference to Standalone 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 with reference to Standalone Financial Statements to future periods are subject to the risk that the internal financial control with reference to Standalone 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 with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at 31 March 2023, based on the criteria for internal financial control with reference to Standalone Financial Statements 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 ICAI.

for **M.Bhaskara Rao & Co.,**
Chartered Accountants
Firm Registration No.000459S

**K.S. Mahidhar**
Partner
Membership No. 220881
UDIN: 23220881BGVRVW2379
Hyderabad, 20 April 2023

# STANDALONE BALANCE SHEET AS AT 31 MARCH 2023

All amounts are Rupees in lakhs unless otherwise stated

| Particulars | Note | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| (a) Property, Plant and Equipment | 4 | **464.08** | 553.11 |
| (b) Other intangible assets | 5 | **202.17** | 387.93 |
| (c) Financial assets | | | |
| (i) Investments | 6 | **768.36** | 943.67 |
| (ii) Other financial assets | 7 | **5,046.46** | 3,875.43 |
| (d) Deferred tax assets (net) | 8 | **289.56** | 398.19 |
| (e) Non-current tax assets (net) | 9 | **6,287.03** | 5,984.45 |
| **Total Non-Current Assets** | | **13,057.66** | 12,142.78 |
| **Current Assets** | | | |
| (a) Financial assets | | | |
| (i) Investments | 6 | **12,169.63** | 10,838.06 |
| (ii) Trade receivables | 10 | **7,494.03** | 6,574.56 |
| (iii) Cash and cash equivalents | 11 | **3,402.38** | 2,991.39 |
| (iv) Other bank balances | 12 | **6,183.33** | 6,119.54 |
| (v) Other financial assets | 7 | **3,341.58** | 3,565.09 |
| (b) Other current assets | 13 | **1,493.64** | 1,207.62 |
| **Total Current Assets** | | **34,084.59** | 31,296.26 |
| **Total Assets** | | **47,142.25** | 43,439.04 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity share capital | 14 | **708.90** | 708.90 |
| (b) Other equity | 15 | **36,602.82** | 32,965.33 |
| **Total Equity** | | **37,311.72** | 33,674.23 |
| **LIABILITIES** | | | |
| **Non-Current Liabilities** | | | |
| (a) Provisions | 16 | **1,284.52** | 1,316.04 |
| (b) Other Financial Liabilities | 17 | **22.15** | 0.08 |
| **Total Non-Current Liabilities** | | **1,306.67** | 1,316.12 |

| Particulars | Note | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **Current Liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Trade payables | 18 | | |
| (A) Total outstanding dues of micro enterprises and small enterprises; and | | **3.02** | 3.86 |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | | **675.50** | 604.60 |
| (ii) Other financial liabilities | 17 | **586.27** | 667.18 |
| (b) Other current liabilities | 19 | **495.79** | 577.14 |
| (c) Provisions | 16 | **5,581.42** | 5,577.92 |
| (d) Current tax liabilities (Net) | 20 | **1,181.86** | 1,017.99 |
| **Total Current Liabilities** | | **8,523.86** | 8,448.69 |
| **Total Equity and Liabilities** | | **47,142.25** | 43,439.04 |

See accompanying notes to the financial statements

In terms of our report attached
for **M. Bhaskara Rao & Co.**
Chartered Accountants
Firm Registration No.000459S

for and on behalf of the Board of
**Satyam Venture Engineering Services Private Limited**
CIN: U72200TG2000PTC033213

**K.S.Mahidhar**
Partner
Membership No.220881

**B. K. Mishra**
Director
DIN: 09163831

**V.Venkata Kumar Raju**
Director
DIN: 02958816

**Rao.S.Vadlamudi**
CEO

**Srinivas R**
CFO

**Aradhana R.**
Company Secretary

Hyderabad, 20 April 2023

# STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2023

All amounts are Rupees in lakhs unless otherwise stated

| Particulars | Note No. | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| **Income** | | | |
| Income from operations | 21 | **34,071.05** | 33,903.32 |
| Other income | 22 | **1,578.91** | 1,233.82 |
| **Total Income** | | **35,649.96** | 35,137.14 |
| **Expenses** | | | |
| Sub contracting costs | | **247.43** | 129.00 |
| Employee benefits expense | 23 | **25,037.47** | 24,240.60 |
| Finance costs | | **-** | - |
| Depreciation and amortisation expense | 24 | **576.85** | 812.27 |
| Other expenses | 25 | **4,583.08** | 4,352.42 |
| **Total Expenses** | | **30,444.83** | 29,534.29 |
| **Profit before tax** | | **5,205.13** | 5,602.85 |
| **Tax Expense** | 26 | | |
| Current tax | | **1,251.09** | 1,606.11 |
| Earlier years tax | | **198.93** | (1.64) |
| Deferred tax | | **110.90** | (50.52) |
| **Total tax expense** | | **1,560.92** | 1,553.95 |
| **Profit for the year** | | **3,644.21** | 4,048.90 |
| **Other comprehensive income / (loss)** | | | |
| **A. Items that will not be reclassified to profit or loss** | | | |
| Remeasurements of the defined benefit plans | | **67.95** | 142.31 |
| Income tax on above items | 26 | **(17.10)** | (35.82) |

| Particulars | Note No. | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| | | **50.85** | 106.49 |
| **B. Items that may be reclassified to profit or loss** | | | |
| Effective portion of gain / (loss) on Designated Portion of Hedging Instruments in a Cash Flow Hedge (net) | | **(76.93)** | 67.29 |
| Income tax on above items | 26 | **19.36** | (16.94) |
| | | **(57.57)** | 50.35 |
| **Other comprehensive income / (loss) for the year** | | **(6.72)** | 156.84 |
| **Total comprehensive income for the year** | | **3,637.49** | 4,205.74 |
| **Earnings per equity share** | 36 | | |
| Basic and Diluted - (In ₹ per share) | | **51.41** | 57.12 |

See accompanying notes to the financial statements

In terms of our report attached
for **M. Bhaskara Rao & Co.**
Chartered Accountants
Firm Registration No.000459S

for and on behalf of the Board of
**Satyam Venture Engineering Services Private Limited**
CIN: U72200TG2000PTC033213

**K.S.Mahidhar**
Partner
Membership No.220881

**B. K. Mishra**
Director
DIN: 09163831

**V.Venkata Kumar Raju**
Director
DIN: 02958816

**Rao.S.Vadlamudi**
CEO

**Srinivas R**
CFO

**Aradhana R.**
Company Secretary

Hyderabad, 20 April 2023

# STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

All amounts are Rupees in lakhs unless otherwise stated

| | | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
|---|---|---|---|
| **A.** | **Cash flow from operating activities** | | |
| | Profit for the year | **5,205.13** | 5,602.85 |
| | **Adjustments for** | | |
| | Interest income recognised in profit or loss | **(585.40)** | (488.45) |
| | Dividend Income on Non Current Investment recognised in profit or loss | **-** | (303.28) |
| | Loss / (Profit) on sale of fixed assets | **(5.26)** | (1.57) |
| | Depreciation and amortisation of non-current assets | **576.85** | 812.27 |
| | Net foreign exchange (gain) / loss | **(87.60)** | 63.70 |
| | Net (Gain) / Loss on sale of investments | **(15.88)** | (42.56) |
| | Provision for doubtful receivables | **54.14** | 6.08 |
| | Fair value measurements | **(624.23)** | (319.89) |
| | **Operating profit / (loss) before working capital changes** | **4,517.74** | 5,329.15 |
| | Changes in working capital: | | |
| | Adjustments for (increase) / decrease in operating assets: | | |
| | Trade Receivables | **(973.61)** | 261.18 |
| | Other Non-Current Assets | **-** | - |
| | Other Non Current Financial Assets | **(4.38)** | 48.53 |
| | Other Current Financial Assets | **370.85** | (1,094.87) |
| | Other Current Assets | **(286.02)** | (384.51) |
| | Adjustments for increase / (decrease) in operating liabilities: | | |
| | Non-Current Provisions | **(31.52)** | (145.27) |
| | Trade Payables | **70.10** | 61.88 |
| | Current Provisions | **71.45** | 228.77 |
| | Other Financial Liabilities | **(97.29)** | 256.80 |
| | Other Current Liabilities | **(81.35)** | (15.16) |
| | Cash generated from operations | **3,555.98** | 4,546.50 |
| | Income Tax paid (Net) | **(1,588.74)** | (1,818.81) |
| | **Net cash flow from operating activities (A)** | **1,967.24** | 2,727.69 |
| **B.** | **Cash flow from investing activities** | | |
| | Payments for property, plant and equipment (including Capital Work in Progress) | **(340.02)** | (524.98) |
| | Proceeds from disposal of property, plant and equipment | **43.17** | 1.51 |
| | Redemption / (Investment) for investments in subsidiary | **175.30** | - |
| | Bank balances (Deposits) not considered as cash and cash equivalents | | |
| | - Placed | **(8,380.14)** | (7,250.51) |
| | - Matured | **7,112.15** | 5,993.66 |
| | Current Investments | | |
| | - Purchased | **(4,249.79)** | (11,799.41) |
| | - Proceeds from sale / redemption | **3,558.33** | 10,852.42 |

| | | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
|---|---|---|---|
| | Interest received | **437.15** | 416.40 |
| | Dividend received | **-** | 303.28 |
| | **Net cash flow used in investing activities (B)** | **(1,643.86)** | (2,007.63) |
| **C.** | **Cash flow from financing activities** | **-** | - |
| | **Net cash flow from / (used in) financing activities (C)** | **-** | - |
| | **Net increase / (decrease) in cash and cash equivalents** | **323.39** | 720.06 |
| | **Cash and cash equivalents at the beginning of the year** | **2,991.39** | 2,335.02 |
| | Effect of exchange difference on cash and cash equivalents held in foreign currency | **87.60** | (63.70) |
| | **Cash and cash equivalents at the end of the year (Refer Note 11)** | **3,402.38** | 2,991.39 |

See accompanying notes to the financial statements

In terms of our report attached
for **M. Bhaskara Rao & Co.**
Chartered Accountants
Firm Registration No.000459S

for and on behalf of the Board of
**Satyam Venture Engineering Services Private Limited**
CIN: U72200TG2000PTC033213

**K.S.Mahidhar**
Partner
Membership No.220881

**B. K. Mishra**
Director
DIN: 09163831

**V.Venkata Kumar Raju**
Director
DIN: 02958816

**Rao.S.Vadlamudi**
CEO

**Srinivas R**
CFO

**Aradhana R.**
Company Secretary

Hyderabad, 20 April 2023

# STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

All amounts are Rupees in lakhs unless otherwise stated

## A. Equity Share Capital

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Issued and paid up equity share capital** | | |
| Balance at the beginning of the current reporting period | **708.90** | 708.90 |
| Changes in Equity Share Capital due to prior period errors | **-** | - |
| Restated balance at the beginning of the current reporting period | **708.90** | 708.90 |
| Changes in equity share capital during the current year | **-** | - |
| **Balance at the end of the current reporting period** | **708.90** | 708.90 |

## B. Other Equity

| Particulars | Reserves & Surplus | | Items of other comprehensive income / (loss) | | Total |
|---|---|---|---|---|---|
| | General Reserve | Retained Earnings | Reameasurement of defined benefit plan | Cash Flow Hedge Reserve | |
| **Balance as at 31 March 2021** | 12.50 | 28,490.48 | 248.95 | 7.66 | 28,759.59 |
| Profit for the year | - | 4,048.90 | - | | 4,048.90 |
| Other Comprehensive Income (net of tax) | - | - | 106.49 | 50.35 | 156.84 |
| **Total comprehensive income for the year** | - | 4,048.90 | 106.49 | 50.35 | 4,205.74 |
| **Balance as at 31 March 2022** | 12.50 | 32,539.38 | 355.44 | 58.01 | 32,965.33 |
| Profit for the year | - | 3,644.21 | - | | 3,644.21 |
| Other Comprehensive Income (net of tax) | - | - | 50.85 | (57.57) | (6.72) |
| **Total comprehensive income for the year** | - | 3,644.21 | 50.85 | (57.57) | 3,637.49 |
| **Balance as at 31 March 2023** | 12.50 | 36,183.59 | 406.29 | 0.44 | 36,602.82 |

See accompanying notes to the financial statements

In terms of our report attached
for **M. Bhaskara Rao & Co.**
Chartered Accountants
Firm Registration No.000459S

for and on behalf of the Board of
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Company Secretary

Hyderabad, 20 April 2023

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

All amounts are Rupees in lakhs unless otherwise stated

**1. Corporate Information**

Satyam Venture Engineering Services Private Limited ("the Company") was incorporated in March 2000 as a 50:50 joint venture between erstwhile Satyam Computer Services Limited (SCSL) and Venture Global Engineering LLC. SCSL was merged with Tech Mahindra Limited in the year 2013, consequent to a scheme of amalgamation and arrangement as approved by the then Hon'ble High Court of Judicature Andhra Pradesh and Hon'ble High Court of Bombay.

The Company provides engineering services such as product design, tool design and computer aided engineering simulation services to automotive industry across the globe, through its Indian operations and through its foreign branches in USA, Germany, Canada, United Kingdom, Japan and Mexico. The standalone financial statements reflect the results of its operations carried on by Indian operations and overseas branches.

The financial statements for the year ended 31 March 2023 were approved by the Board of Directors and authorised to issue on 20 April, 2023.

**2. Significant accounting policies:**

**2.1 Statement of Compliance:**

The standalone financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and amendments issued thereafter.

**2.2 Basis for preparation of financial statements:**

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India on accrual basis under the historical cost convention, except for certain financial instruments which are measured at fair value. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purpose in these standalone financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

**2.3 Use of Estimates:**

The preparation of these standalone financial statements requires the management of the Company to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the financial statements.

**2.4 Property, Plant & Equipment and Other Intangible assets:**

Property, Plant & Equipment and Other intangible assets are stated at actual cost less accumulated depreciation/ amorisation and net of impairment. The actual cost capitalised includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage.

Depreciation / amortization of Property, Plant & Equipment and Other Intangible assets:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation / amortisation on Property, Plant & Equipment including assets taken on lease, other than freehold land is charged based on straight line method on an estimated useful life as assessed based on technical advice, considering the nature of the asset, estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

| | |
|---|---|
| Plant and Machinery (including Computers) | 3 years |
| Office Equipment | 3 years |
| Furniture, Fixtures and Interiors | 3 years |
| Vehicles | 3 years |
| Intangible Assets – Software | License period or 3 years whichever is lower |

The estimated useful lives and residual values of the tangible and intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

**2.5 Leases:**

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

The Company as a lessee :

The Company assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves:

(a) the use of an identified asset,

(b) the right to obtain substantially all the economic benefits from use of the identified asset, and

(c) the right to direct the use of the identified asset.

The Company at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right- of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

The Company applies Ind AS 36 to determine whether a RoU asset is impaired and accounts for any identified impairment loss as described in the impairment of non-financial assets.

For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in statement of profit and loss.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

**2.6 Impairment of Assets:**

**i) Financial assets**

Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Impairment loss on financial assets carried at amortised cost is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. In a subsequent period, if the amount of impairment loss decreases and the decreases can be related objectively to an event, the previously recognised impairment is reversed through profit or loss.

**ii) Non-financial assets**

Property, Plant & Equipment and Other Intangible assets

Property, Plant and Equipment and Other intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss

**2.7 Revenue recognition:**

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customers for services are either on a time bound fixed price or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue. Revenue from fixed-price, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

In arrangements for engineering services with customers, the company has applied the guidance in Ind AS 115, Revenue from contract with customer, by applying the revenue recognition criteria for each distinct performance obligation. The arrangements with customers generally meet the criteria for considering engineering services and other related services as distinct performance obligations. For allocating the transaction price, the company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the company is unable to determine the standalone selling price, the company uses the expected cost plus margin approach in estimating the standalone selling price. For time and material related services, the performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

The company accounts for volume discounts and pricing incentives , if any, to customers as a reduction of revenue based on the rateable allocation of the discounts/ incentives amount to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

Deferred contract costs are incremental costs of obtaining a contract which are recognized as assets and amortized over the term of the contract.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

The Company presents revenues net of indirect taxes in its statement of Profit and loss.

The company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time .

Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

**2.8 Foreign currency transactions:**

The functional currency of the Company is Indian Rupees (INR).

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities of foreign operations are restated into the functional currency using exchange rates prevailing on the date of the Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the profit or loss.

**2.9 Financial Instruments**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss.

**i) Non-derivative financial instruments**

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

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.

Financial assets at fair value

Financial asset not measured at amortised cost is carried at fair value through profit or loss (FVTPL) on initial recognition, unless the company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income.

The Company, on initial application of IND AS 109 Financial Instruments, has made an irrevocable election to present in other comprehensive income subsequent changes in fair value of equity instruments not held for trading.

Financial asset at FVTPL are measured at fair values at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

Investment in subsidiaries

Investment in subsidiaries is carried at cost as per Ind AS 27 in Separate Financial Statements.

Financial liabilities

Financial liabilities at fair value through profit and loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit and 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.

ii) Derivative financial instruments and hedge accounting

The Company uses foreign currency forward contracts / options to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. The Company designates some of these forward contracts / options as hedge instruments and account for as cash flow hedges applying the recognition and measurement principles set out in the Ind AS 109.

The use of foreign currency forward contracts / options is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy. The counter party to the Company's foreign currency forward contracts is generally a bank. The Company does not use derivative financial instruments for speculative purposes.

Foreign currency forward contract/ option derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and accumulated under effective portion of cash flow hedges and the ineffective portion is recognised immediately in the Statement of Profit and Loss.

Amounts previously recognised in other comprehensive income and accumulated in effective portion of cash flow hedges are reclassified to the Statement of Profit or Loss in the same period in which gains/ losses on the item hedged are recognised in the Statement of Profit or Loss. However when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in effective portion of cash flow hedges are transferred from effective portion of cash flow hedges and included in the initial measurement of the cost of the nonfinancial asset or non-financial liability.

Profit or loss arising on cancellation or renewal of a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal occurs. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the Statement of Profit and Loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Cumulative gain or loss on the hedging instrument classified in effective portion of cash flow hedges is retained there and is classified to Statement of Profit and Loss when the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in effective portion of cash flow hedges is transferred to the Statement of Profit and Loss for the period.

iii) Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The Company derecognises financial liabilities when, and only when, the Company’s obligation are discharged, cancelled or have expired.

**2.11 Employee Benefits:**

**a) Gratuity:**

The Company accounts for its gratuity liability, a defined retirement benefit plan covering eligible employees. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee’s salary and the tenure of the employment. Liabilities with regard to a Gratuity plan are determined based on the actuarial valuation carried out by an independent actuary as at the Balance Sheet date using the Projected Unit Credit method for the Company. Actuarial gains and losses are recognised in full in other comprehensive income and accumulated in equity in the period in which they occur.

**b) Provident fund:**

The eligible employees of the Company are entitled to receive the benefits of Provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees’ salary which are charged to the Statement of Profit and Loss on accrual basis. The provident fund contributions are paid to the Regional Provident Fund Commissioner by the Company. The Company has no further obligations for future provident fund and superannuation fund benefits other than its annual contributions.

**c) Compensated absences:**

The Company provides for the encashment of leave subject to Company’s rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is provided based on the number of days of unavailed leave at each Balance Sheet date on the basis of an independent actuarial valuation using the Projected Unit Credit method for the Company, whereas provision for encashment of unavailed leave on retirement is made on actual basis for foreign subsidiaries. The Company does not expect the difference on account of varying methods to be material.

The liability which is not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised based on actuarial valuation as at the Balance Sheet date.

Actuarial gains and losses are recognised in full in the Statement of Profit and Loss in the period in which they occur.

The Company also offers a short term benefit in the form of encashment of unavailed accumulated compensated absence above certain limit for all of its employees and same is being provided for in the books at actual cost.

**d) Other short term employee benefits:**

Other short-term employee benefits such as overseas social security contributions and performance incentives expected to be paid in exchange for the services rendered by employees, are recognised during the period when the employee renders the service.

**2.12 Taxation:**

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the local tax laws existing in the respective countries.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, 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 profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that 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 utilised.

Deferred income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries 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 utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

The Company recognises interest levied and penalties related to income tax assessments in income tax expenses.

**2.13 Earnings per Share:**

Basic earnings/ (loss) per share are calculated by dividing the net profit / (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued if any, during the year and also after the Balance Sheet date but before the date the financial statements are approved by the Board of Directors.

For the purpose of calculating diluted earnings / (loss) per share, the net profit / (loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed to be converted as of the beginning of the period, unless issued at a later date.

**2.14 Provision, Contingent Liabilities and Contingent Assets:**

A provision is recognized when the Company 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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Liabilities and Contingent Assets are not recognized in the financial statements.

**2.15 Critical judgements in applying accounting policies:**

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statement.

Key sources of estimation uncertainty:

The following are the key assumptions concerning the future , and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment:

The company reviews the estimated useful lives of property plant and equipment at the end of each reporting period. During the current year, there has been no change in life considered for the assets.

Fair value measurements and valuation processes:

Some of the Company's assets and liabilities are measured at fair value for the financial reporting purposes.

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1inputs are not available, the Company engages third party qualified valuers to perform the valuation . Finance team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Executive Officer reports to the board of fluctuations in the fair value of the assets and liabilities.

Provision for doubtful receivables:

The Company has adopted Expected credit loss model for provisioning of receivables,apart from this the company also monitors long outstanding balances and make additional provision where required.

Provision for employee benefits:

The Company uses actuarial assumptions to determine the obligations for employee benefits at each reporting period . These assumptions include the discount rate, expected long-term rate of return on plan assets, rate of increase in compensation levels and mortality rates.

Provision for taxes:

Significant judgments are required in determining the provision for income taxes, including the amount expected to be paid/ recovered for uncertain tax positions.

**3. Recent accounting pronouncements**

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

**Ind AS 1 - Presentation of Financial Statements**

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.

**Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors**

This amendment has introduced a definition of ‘accounting estimates’ and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

**Ind AS 12 - Income Taxes**

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statement.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

All amounts are Rupees in lakhs unless otherwise stated

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **4.** | **Property, Plant and Equipment** | | |
| | **Carrying amounts of** | | |
| | Plant and Equipment | **441.19** | 509.74 |
| | Office Equipments | **19.82** | 30.37 |
| | Furniture and Fixtures | **3.07** | 4.23 |
| | Vehicles | **-** | 8.77 |
| | **Total** | **464.08** | 553.11 |

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **5.** | **Other Intangible assets** | | |
| | **Carrying amounts of:** | | |
| | Computer Software | **202.17** | 387.93 |
| | (other than internally generated) | | |
| | **Total** | **202.17** | 387.93 |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

All amounts are Rupees in lakhs unless otherwise stated

**4A Property, Plant and Equipment**

| | Gross Block (At Cost) | | | | Depreciation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2022 | Additions | Deletion / Adjustment | Balance as at 31 March 2023 | Upto 01 April 2022 | For the year | Deletion / Adjustment | Upto 31 March 2023 | As at 31 March 2023 |
| **Tangible Assets** | | | | | | | | | |
| Plant and Machinery | 2,791.52 | 249.42 | 32.05 | **3,008.89** | 2,281.78 | 293.14 | 7.22 | **2,567.70** | **441.19** |
| Office Equipment | 433.08 | 24.97 | 12.05 | **446.00** | 402.76 | 23.70 | 0.28 | **426.18** | **19.82** |
| Furniture, Fixtures & Interiors | 374.96 | 0.19 | 8.53 | **366.62** | 370.73 | 0.46 | 7.64 | **363.55** | **3.07** |
| Vehicles | 53.37 | - | 0.86 | **52.51** | 44.60 | 8.35 | 0.44 | **52.51** | **-** |
| **Total** | **3,652.93** | **274.58** | **53.49** | **3,874.02** | **3,099.87** | **325.65** | **15.58** | **3,409.94** | **464.08** |

| | Gross Block (At Cost) | | | | Depreciation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2021 | Additions | Deletion / Adjustment | Balance as at 31 March 2022 | Upto 01 April 2021 | For the year | Deletion / Adjustment | Upto 31 March 2022 | As at 31 March 2022 |
| **Tangible Assets** | | | | | | | | | |
| Plant and Machinery | 2,456.03 | 338.29 | 2.80 | 2,791.52 | 1,938.33 | 346.25 | 2.80 | 2,281.78 | 509.79 |
| Office Equipment | 417.88 | 15.80 | 0.60 | 433.08 | 366.81 | 36.55 | 0.60 | 402.76 | 30.32 |
| Furniture, Fixtures & Interiors | 383.31 | 1.64 | 9.99 | 374.96 | 341.67 | 39.11 | 10.05 | 370.73 | 4.23 |
| Vehicles | 53.37 | - | - | **53.37** | 33.17 | 11.43 | - | **44.60** | **8.77** |
| **Total** | **3,310.59** | **355.73** | **13.39** | **3,652.93** | **2,679.98** | **433.34** | **13.45** | **3,099.87** | **553.11** |

## 5A Other Intangible assets

| | Gross Block (At Cost) | | | | Depreciation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2022 | Additions | Deletion / Adjustment | Balance as at 31 March 2023 | Upto 01 April 2022 | For the year | Deletion / Adjustment | Upto 31 March 2023 | As at 31 March 2023 |
| Software | 5,166.50 | 65.44 | - | **5,231.94** | 4,778.57 | 251.20 | - | **5,029.77** | **202.17** |
| **Total** | **5,166.50** | **65.44** | **-** | **5,231.94** | **4,778.57** | **251.20** | **-** | **5,029.77** | **202.17** |

| | Gross Block (At Cost) | | | | Depreciation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2021 | Additions | Deletion / Adjustment | Balance as at 31 March 2022 | Upto 01 April 2021 | For the year | Deletion / Adjustment | Upto 31 March 2022 | As at 31 March 2022 |
| Software | 4,997.25 | 169.25 | - | 5,166.50 | 4,399.64 | 378.93 | - | 4,778.57 | 387.93 |
| **Total** | **4,997.25** | **169.25** | **-** | **5,166.50** | **4,399.64** | **378.93** | **-** | **4,778.57** | **387.93** |

**6. Investments**

| | | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|---|
| | | **Number of Shares** | **Amount** | Number of Shares | Amount |
| **I** | **Non-Current Investments** | | | | |
| **A** | **Investments in Equity Instruments** | | | | |
| | In subsidiaries (at cost) | | | | |
| | Satyam Venture Engineering Services (Shanghai) Co. Ltd [Refer note (i) below] | **-** | **408.87** | - | 584.17 |
| | Satven GmbH | **-** | **359.50** | - | 359.50 |
| | **Total** | | **768.36** | | 943.67 |
| (a) | Aggregate amount of quoted investments and market value thereof; | | **-** | | - |
| (b) | Aggregate amount of unquoted investments; and | | **768.36** | | 943.67 |
| (c) | Aggregate amount of impairment in value of investments | | **-** | | - |

**Note :**

(i) Investment in this entity is not denominated in number of shares as per laws of the People's Republic of China.

| | | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|---|
| | | **Units** | **Amount** | Units | Amount |
| **II** | **Current Investments** | | | | |
| **A** | **Investment in Mutual Funds** | | | | |
| | (at fair value) | | | | |
| | ICICI Prudential Savings Fund - DP Growth | **625749** | **2,894.67** | 681148 | 2,981.48 |
| | Mahindra Manulife Liquid Fund Direct Growth | **-** | **-** | 186410 | 2,580.26 |
| | HSBC Cash Fund Direct Growth Plan | **116252** | **2,606.53** | 111520 | 2,363.98 |
| | HSBC Ultra Short Duration Fund Direct Growth | **27822** | **323.75** | 27822 | 306.69 |
| | Kotak Liquid Fund Direct Plan Growth | **62884** | **2,860.23** | 60553 | 2,605.66 |
| | SBI Liquid Fund Direct Growth | **21920** | **772.31** | - | - |
| | HDFC Liquid DP Growth Option | **61316** | **2,712.14** | - | - |
| | **Total** | | **12,169.63** | | 10,838.06 |
| (a) | Aggregate amount of quoted investments and market value thereof; | | **12,169.63** | | 10,838.06 |
| (b) | Aggregate amount of unquoted investments | | **-** | | - |
| (c) | Aggregate amount of impairment in value of investments | | **-** | | - |

### 6.1 Details of material subsidiaries

| Name of the Subsidiary | Satyam Venture Engineering Services (Shanghai) Co. Ltd | Satven GmbH |
|---|---|---|
| Principal activity | Engineering Services | Engineering Services |
| Place of incorporation and principal place of business | China | Germany |
| Proportion of ownership interest / voting rights held by the Company | 100% | 100% |

### 6.2 Summarised financial information of material subsidiaries

| | Satyam Venture Engineering Services (Shanghai) Co. Ltd | | Satven GmbH | |
|---|---|---|---|---|
| | **31-Mar-23** | **31-Mar-22** | **31-Mar-23** | **31-Mar-22** |
| Non-Current Assets | **12.13** | **3.60** | 118.71 | 84.93 |
| Current Assets | **990.33** | **973.56** | 553.50 | 500.31 |
| Non-Current Liabilities | **-** | **4.01** | - | - |
| Current Liabilities | **254.61** | **121.94** | 81.92 | 97.08 |
| | Year ended | | | |
| | **31-Mar-23** | **31-Mar-22** | **31-Mar-23** | **31-Mar-22** |
| Revenue | **770.01** | **1,044.36** | 835.31 | 941.38 |
| Expenses | **691.10** | **933.36** | 764.08 | 876.34 |
| Tax Expense | **-** | **18.43** | 4.71 | 6.54 |
| Profit / (loss) for the year | **78.91** | **92.57** | 66.52 | 58.50 |
| Other Comprehensive income for the year | **1.78** | **19.38** | 12.93 | (3.29) |
| Total Comprehensive income for the year | **80.70** | **111.95** | 79.45 | 55.22 |

### 7. Other financial assets measured at amortised cost

| | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|
| **I. Non-Current** | | |
| (Unsecured, considered good) | | |
| Other bank balances - in deposit accounts | **4,703.50** | 3,499.54 |
| Security Deposits [Refer note 7.2] | **341.56** | 336.93 |
| Foreign Currency Derivative Assets | **1.40** | 38.96 |
| **Total** | **5,046.46** | 3,875.43 |
| **II. Current** | | |
| (Unsecured, considered good) | | |
| Unbilled revenue [Refer note 7.1] | **2,892.06** | 3,262.91 |
| Interest Receivable on deposits | **411.79** | 263.54 |
| Foreign currency Derivative Assets | **37.73** | 38.64 |
| **Total** | **3,341.58** | 3,565.09 |

**7.1 Of the above, Unbilled revenue from:**

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| (a) | Related parties [Refer note 31] | **1,452.02** | 513.56 |
| (b) | Others | **1,440.04** | 2,749.35 |
| | | **2,892.06** | 3,262.91 |

**7.2** Include deposit of ₹67.83 Lakhs [31 March 2022 : ₹67.83 Lakhs] with CGITCLC and ₹58.24 Lakhs [31 March 2022: ₹58.24 Lakhs Lakhs] with CESTAT in respect of the ongoing disputes [Refer note 27A(ii) & (iv)]

| | |
|---|---|
| **2,892.06** | 3,262.91 |

**7.3 Ageing of unbilled revenue**

| | | | As on 31 March 2023 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | **Not Due** | **Less than 6 months** | **6 months – 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| | | **Undisputed unbilled revenue :** | | | | | | | |
| a) | - | considered good | 1,642.61 | 1,249.45 | - | - | - | - | 2,892.06 |
| b) | - | which have significant increase in credit risk | - | - | - | - | - | - | - |
| c) | - | credit impaired | - | - | - | - | - | - | - |
| | | **Disputed unbilled revenue :** | | | | | | | |
| d) | - | considered good | - | - | - | - | - | - | - |
| e) | - | which have significant increase in credit risk | - | - | - | - | - | - | - |
| f) | - | credit impaired | - | - | - | - | - | - | - |

| | | | As on 31 March 2022 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | **Not Due** | **Less than 6 months** | **6 months – 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| | | **Undisputed unbilled revenue :** | | | | | | | |
| a) | - | considered good | - | 3,255.96 | 6.95 | - | - | - | 3,262.91 |
| b) | - | which have significant increase in credit risk | - | - | - | - | - | - | - |
| c) | - | credit impaired | | | | | | | |
| | | **Disputed unbilled revenue :** | - | - | - | - | - | - | - |
| d) | - | considered good | - | - | - | - | - | - | - |
| e) | - | which have significant increase in credit risk | - | - | - | - | - | - | - |
| f) | - | credit impaired | - | - | - | - | - | - | - |

**8. Deferred tax assets (Net)**

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| (a) | Deferred tax assets | **654.47** | 653.67 |
| (b) | Deferred tax liabilities | **(364.91)** | (255.48) |
| | **Total** | **289.56** | 398.19 |

**8.1 The tax effect of significant temporary differences that has resulted in deferred tax assets are given below:**

**a) For the year ended 31 March 2023**

| | PPE and Intangible assets | Provision for doubtful debts | Provision for defined benefit obligations | ICDS Adjustments: Interest on Income Tax | Cash Flow Hedging Reserve | Fair value gain on Mutual funds | Total |
|---|---|---|---|---|---|---|---|
| **Opening balance** | 250.75 | (0.40) | 403.33 | (99.19) | (19.52) | (136.77) | 398.20 |
| Recognised in profit or loss | (6.58) | 14.42 | 10.05 | - | - | (128.79) | (110.90) |
| Recognised in other comprehensive income | - | - | (17.10) | | 19.36 | - | 2.26 |
| Reclassified from equity to profit or loss | - | - | - | - | - | - | - |
| **Closing Balance** | **244.17** | **14.02** | **396.27** | **(99.19)** | **(0.16)** | **(265.57)** | **289.56** |

**b) For the year ended 31 March 2022**

| | PPE and Intangible assets | Provision for doubtful debts | Provision for defined benefit obligations | ICDS Adjustments: Interest on Income Tax | Cash Flow Hedging Reserve | Fair value gain on Mutual funds | Total |
|---|---|---|---|---|---|---|---|
| **Opening balance** | 243.29 | - | 418.12 | (99.19) | (2.58) | (159.21) | 400.43 |
| Recognised in profit or loss | 7.47 | (0.40) | 21.01 | - | - | 22.44 | 50.52 |
| Recognised in other comprehensive income | - | - | (35.82) | | (16.94) | - | (52.76) |
| Reclassified from equity to profit or loss | - | - | - | - | - | - | - |
| **Closing Balance** | **250.75** | **(0.40)** | **403.32** | **(99.19)** | **(19.52)** | **(136.77)** | **398.19** |

**9. Non-current tax assets (net)**

| | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|
| Advance income tax and tax deducted at source | **6,287.03** | 5,984.45 |
| (net of provisions ₹15,922.26 Lakhs [31 March 2022: ₹14,565.23 Lakhs]) | | |
| **Total** | **6,287.03** | 5,984.45 |

**10. Trade receivables**

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| (a) | Considered good - Secured | **-** | - |
| (b) | Considered good - Unsecured | **7,494.03** | 6,574.56 |
| (c) | Receivables which have significant increase in credit risk | **-** | - |
| (d) | Credit impired | **55.73** | 1.59 |
| | Less: allowance for expected credit loss | **(55.73)** | (1.59) |
| **Total** | | **7,494.03** | 6,574.56 |

**10.1 Of the above, trade receivables from:**

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| (a) | Related parties [Refer note 31] | **2,487.88** | 1,768.85 |
| (b) | Others | **5,006.15** | 4,805.71 |
| **Total** | | **7,494.03** | 6,574.56 |

**10.2** Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of statement of financial position whether a financial asset or a group of financial assets is impaired. The Company recognises lifetime expected losses for trade receivables (other than receivables from related parties) that do not constitute a financing transaction. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. Before accepting any new customer, the Company assesses the potential customer's credit quality.

The Average credit period on Sale of Services 60 days .

**10.3** Age of Trade Receivables

| | | | Outstanding for following periods from due date of payment as on 31 March 2023 | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | **Not Due** | **Less than 6 months** | **6 months – 1 year** | **1-2 years** | **More than 3 years** | **Total** |
| | | **Undisputed trade receivables** | | | | | | |
| (a) | - | considered good | 5,898.98 | 1,464.03 | 131.02 | - | - | 7,494.03 |
| (b) | - | which have significant increase in credit risk | - | - | - | - | - | - |
| (c) | - | credit impaired | - | - | - | 55.73 | - | 55.73 |
| | | **Disputed trade receivables** | | | | | | |
| (d) | - | considered good | - | - | - | - | - | - |
| (e) | - | which have significant increase in credit risk | - | - | - | - | - | - |
| (f) | - | credit impaired | - | - | - | - | - | - |

| | | Outstanding for following periods from due date of payment as on 31 March 2022 | | | | | |
|---|---|---|---|---|---|---|---|
| | | **Not Due** | **Less than 6 months** | **6 months – 1 year** | **1-2 years** | **More than 3 years** | **Total** |
| | **Undisputed trade receivables** | | | | | | |
| (a) | - considered good | 5,763.93 | 708.98 | 85.25 | 16.40 | - | 6,574.56 |
| (b) | - which have significant increase in credit risk | - | - | - | - | - | - |
| (c) | - credit impaired | - | - | - | 1.59 | - | 1.59 |
| | **Disputed trade receivables** | | | | | | |
| (d) | - considered good | - | - | - | - | - | - |
| (e) | - which have significant increase in credit risk | - | - | - | - | - | - |
| (f) | - credit impaired | - | - | - | - | - | - |

**10.4 Classification of trade receivables**

| | | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|---|
| (a) | Non-Current | **-** | - |
| (b) | Current | **7,494.03** | 6,574.56 |
| **Total** | | **7,494.03** | 6,574.56 |

**10.5 Movement in the allowance for expected credit loss**

| | | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|---|
| (i) | Balance at the beginning of the year | **1.59** | - |
| (ii) | Add: Allowance for expected credit loss | **54.14** | 6.08 |
| (iii) | Less: Provision write back | **-** | - |
| (iv) | Less: Receivables written off | **-** | 4.49 |
| (v) | Balance at the end of the year | **55.73** | 1.59 |

**10.5 Movement in the allowance for expected credit loss**

| | | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|---|
| **Balances with Banks** | | | |
| (a) | with Scheduled banks | | |
| | in Current account | **29.29** | 127.28 |
| | in Deposit account | **1,297.00** | 1,212.00 |
| (b) | with Other banks | | |
| | in Current account | **2,076.09** | 1,652.11 |
| **Total** | | **3,402.38** | 2,991.39 |

**12. Other Bank Balances**

| | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|
| Balances with Banks | | |
| with Scheduled banks | | |
| in Deposit account | **6,183.33** | 6,119.54 |
| **Total** | **6,183.33** | 6,119.54 |

**13. Other assets**

| | | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|---|
| **I.** | **Current** | | |
| | (Unsecured, considered good) | | |
| | Loans and advances to employees | **139.93** | 177.16 |
| | Balance with government authorities | **760.75** | 333.90 |
| | Prepaid expenses | **515.01** | 646.03 |
| | Contract asset | **4.10** | 30.74 |
| | Others | **73.85** | 19.79 |
| | **Total** | **1,493.64** | 1,207.62 |

**13.1 Of the above, Other assets from:**

| | | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|---|
| **I.** | **Current** | | |
| (a) | Related parties [Refer note 31] | **-** | 0.83 |
| (b) | Others | **1,493.64** | 1,206.79 |
| | | **1,493.64** | 1,207.62 |

**14. Equity share capital**

| | **As at 31 March 2023** | | As at 31 March 2022 | |
|---|---|---|---|---|
| | **Number of Shares** | **Amounts** | Number of Shares | Amounts |
| **Authorised Share Capital** | | | | |
| Equity share capital of ₹10 each | **7,500,000** | **750.00** | 7,500,000 | 750.00 |
| **Issued, Subscribed and Fully Paid up** | | | | |
| Equity share capital of ₹10 each | **7,088,960** | **708.90** | 7,088,960 | 708.90 |

**14. 1 Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting period.**

| | **As at 31 March 2023** | | As at 31 March 2022 | |
|---|---|---|---|---|
| | **Number of Shares** | **Amounts** | Number of Shares | Amounts |
| **Equity share capital of ₹10 each** | | | | |
| **Balance as at beginning of the year** | **7,088,960** | **708.90** | 7,088,960 | 708.90 |
| Issued during the year | **-** | **-** | - | - |
| Balance as at end of the year | **7,088,960** | **708.90** | 7,088,960 | 708.90 |

**14.2 Shares held by holding/ultimate holding Company and/or their subsidiaries/associates**

| | **As at 31 March 2023** | | As at 31 March 2022 | |
|---|---|---|---|---|
| | **Number of Shares** | **Amounts** | Number of Shares | Amounts |
| **Equity shares of ₹10 each fully paid held by** | | | | |
| Tech Mahindra Limited | **3,544,480** | **354.45** | 3,544,480 | 354.45 |
| Venture Global Engineering Services LLC | **3,544,480** | **354.45** | 3,544,480 | 354.45 |

**14.3Details of shares held by each shareholders holding more than 5% shares in the Company**

| | **As at 31 March 2023** | | As at 31 March 2022 | |
|---|---|---|---|---|
| | **Number of Shares** | **% of holding** | Number of Shares | % of holding |
| **Equity shares of ₹10 each fully paid held by** | | | | |
| Tech Mahindra Limited | **3,544,480** | **50%** | 3,544,480 | 50% |
| Venture Global Engineering Services LLC | **3,544,480** | **50%** | 3,544,480 | 50% |

**14.4 Details of shares held by promoters**

| | **As at 31 March 2023** | | |
|---|---|---|---|
| | **Number of Shares** | **% of total shares** | **% Change during the year** |
| **Equity shares of ₹10 each fully paid held by** | | | |
| Tech Mahindra Limited | **3,544,480** | **50%** | **-** |
| Venture Global Engineering Services LLC | **3,544,480** | **50%** | **-** |

**14. 5 Rights, preferences and restrictions attached to equity shares**

The Company has only one class of shares referred to as equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The percentage of shareholding shall be maintained as set out in Article 4 of Articles of Association and the fresh issue to be offered to both the shareholders in proportion to their shareholding. Any shares not accepted shall in the first instance be offered to the other remaining member and affiliates nominated by thereof.

**15. Other equity**

| | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|
| General Reserve | **12.50** | 12.50 |
| Retained Earnings | **36,183.59** | 32,539.38 |
| Other Components of Equity | | |
| Remeasurement of the defined benefits plans | **406.29** | 355.44 |
| Cash Flow Hedging Reserve (Net of tax) | **0.44** | 58.01 |
| **Total** | **36,602.82** | 32,965.33 |

**15.1 General Reserve [note 15.4]**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Balance at beginning of year | **12.50** | 12.50 |
| Movement during the year | **-** | - |
| **Balance at end of year** | **12.50** | 12.50 |

**15.2 Retained Earnings [note 15.5]**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Balance at beginning of year | **32,539.38** | 28,490.48 |
| Profit for the year | **3,644.21** | 4,048.90 |
| **Balance at end of year** | **36,183.59** | 32,539.38 |

**15.3 Other Components of Equity**

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| a) | **Remeasurement of the defined benefits plans [note 15.6]** | | |
| | Opening balance | **355.44** | 248.95 |
| | Current year charge | **50.85** | 106.49 |
| | **Balance at end of year** | **406.29** | 355.44 |
| b) | **Cash Flow Hedge Reserve [note 15.7]** | | |
| | Opening balance | **58.01** | 7.66 |
| | Movement during the year (Net of tax) | **(57.57)** | 50.35 |
| | **Balance at end of year** | **0.44** | 58.01 |

**15.4** The Company has transferred the amount from capital reserve upon fulfilment of the contribution attached to the investment subsidy received in earlier years.

**15.5** Retained earning represents the Company's undistributed earnings after taxes.

**15.6** Represents the actuarial gain/(loss) recognised on the defined benefit plan and will not be reclassified to retained earnings.

**15.7** It represents accumulated effective portion of changes in fair value of the derivative and will be transferred to statement of Profit and Loss upon occurance of related forcasted transaction.

**16. Provisions**

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **I** | **Non-Current** | | |
| | Provision for Employee Benefits [Refer note 30] | | |
| | Compensated Absences | **273.98** | 273.45 |
| | Gratuity | **1,010.54** | 1,042.59 |
| | **Total** | **1,284.52** | 1,316.04 |
| **II** | **Current** | | |
| | Provision for Employee Benefits [Refer note 30] | | |
| | Compensated Absences | **74.79** | 72.49 |
| | Gratuity | **215.21** | 214.01 |
| | Provision for Contingencies [Refer note 27.2] | **5,291.42** | 5,291.42 |
| | **Total** | **5,581.42** | 5,577.92 |

**17. Other Financial Liabilities**

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **I** | **Non-Current** | | |
| | Foreign Currency Derivatives Liabilities | **22.15** | 0.08 |
| | | **22.15** | 0.08 |
| **II** | **Current** | | |
| | **Other Financial Liabilities** | | |
| | Dues for Capital assets | **34.00** | 7.82 |
| | Foreign currency Derivative Liabilities | **16.38** | - |
| | Accrued Salaries and Benefits | **535.89** | 659.36 |
| | **Total** | **586.27** | 667.18 |

**18. Trade Payables**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Amounts due to micro and small enterprises (Refer note 18.3) | **3.02** | 3.86 |
| Others | **675.50** | 604.60 |
| **Total** | **678.52** | 608.46 |

**18.1 Of the above, Trade payables from:**

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| (a) | Related parties [Refer note 31] | **96.68** | 58.23 |
| (b) | Others | **581.85** | 550.23 |
| | **Total** | **678.52** | 608.46 |

**18.2 Ageing of Trade Payables**

| | Outstanding for following years from due date of payment as on 31 March 2023 | | | | | |
|---|---|---|---|---|---|---|
| | **Not Due** | **Less than 1 Year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| MSME | 2.31 | 0.71 | - | - | - | 3.02 |
| Others | 633.64 | 41.09 | 0.77 | - | - | 675.50 |
| Disputed dues - MSME | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | - | - |

| | Outstanding for following years from due date of payment as on 31 March 2022 | | | | | |
|---|---|---|---|---|---|---|
| | **Not Due** | **Less than 1 Year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| MSME | - | 3.86 | - | - | - | 3.86 |
| Others | 567.43 | 37.17 | - | - | - | 604.60 |
| Disputed dues - MSME | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | - | - |

**18.3** The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the MSMED Act, 2006) claiming their status as micro or small enterprises. Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by management and the required disclosures are given below:

| | | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|---|
| a) | Principal amount remaining unpaid | **3.02** | 3.86 |
| b) | Interest due thereon | **Nil** | Nil |
| c) | Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year. | **Nil** | Nil |
| d) | Interest due and payable for the period of delay in making payment (which have been paid but beyond the day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006. | **Nil** | Nil |
| e) | Interest accrued and remaining unpaid | **Nil** | Nil |
| f) | Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises. | **Nil** | Nil |

**19. Other Current Liabilities**

| | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|
| Statutory payables | **495.79** | 577.14 |
| **Total** | **495.79** | 577.14 |

**20. Current tax liabilities**

| | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|
| Income tax payables | **1,181.86** | 1,017.99 |
| (net of advance tax ₹3,574.33 Lakhs [31 March 2022: ₹6,113.61 Lakhs]) | | |
| **Total** | **1,181.86** | 1,017.99 |

**21. Income from operations**

| | **Year ended 31 March 2023** | Year ended 31 March 2022 |
|---|---|---|
| Income from Services | | |
| - export of services | **22,362.58** | 21,564.96 |
| - domestic services | **11,708.47** | 12,338.36 |
| **Total** | **34,071.05** | 33,903.32 |

**22. Other income**

| | **Year ended 31 March 2023** | Year ended 31 March 2022 |
|---|---|---|
| Interest Income | | |
| Deposits with Banks (at amortised cost) | **585.40** | 488.45 |
| Interest on Income Tax Refund | **0.50** | 0.11 |
| Net Gain / (Loss) on sale of investments | **15.88** | 42.56 |
| Profit on sale of assets (net) | **5.26** | 1.57 |
| Forex gain | **340.63** | - |
| Fair value measurements | **624.23** | 319.89 |
| Dividend Income on Non Current Investment | **-** | 303.28 |
| Liability/Provisions no longer required written back | **0.08** | - |
| Miscellaneous Income | **6.93** | 77.96 |
| **Total** | **1,578.91** | 1,233.82 |

**23. Employee benefits expense**

| | **Year ended 31 March 2023** | Year ended 31 March 2022 |
|---|---|---|
| Salaries and Wages | **24,166.98** | 23,453.58 |
| Contribution to Provident and Other Funds | **415.86** | 409.07 |
| Gratuity | **222.82** | 274.23 |
| Staff Welfare | **231.81** | 103.72 |
| **Total** | **25,037.47** | 24,240.60 |

**24. Depreciation and amortisation expense**

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| On tangible assets | **325.65** | 433.34 |
| On intangible assets | **251.20** | 378.93 |
| **Total** | **576.85** | 812.27 |

**25. Other expenses**

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Rent | **440.13** | 426.81 |
| Rates and taxes | **53.82** | 128.44 |
| Power and fuel | **134.23** | 112.57 |
| Travelling and Conveyance | **693.86** | 603.77 |
| Communication | **67.51** | 87.34 |
| Marketing expenses | **217.70** | 111.96 |
| Repair and Maintenance | **206.42** | 214.10 |
| Computer Hire Charges | **35.36** | 194.73 |
| Security Services | **56.55** | 51.09 |
| Recruitment, Training and Development | **127.64** | 95.58 |
| General Office Expenses | **11.93** | 6.97 |
| Legal and professional | **543.38** | 444.33 |
| Office Maintenance | **109.23** | 105.58 |
| Computer Maintenance | **1,508.31** | 1,418.16 |
| Auditors' Remuneration (Refer Note: 25.1) | **34.88** | 55.96 |
| Directors Sitting Fees | **7.25** | 7.10 |
| CSR Expenses | **65.00** | 66.00 |
| Provision for doubtful debts | **54.14** | 6.08 |
| Bad Debts Written off | **-** | 4.49 |
| Less: Provision | **-** | (4.49) |
| Forex loss | **-** | 9.88 |
| Bank Charges | **38.31** | 45.63 |
| Miscellaneous expenses | **177.43** | 160.34 |
| **Total** | **4,583.08** | 4,352.42 |

**25.1 Auditors' remuneration includes**

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| for statutory audit | **16.00** | 13.50 |
| for quarterly audit | **3.00** | 3.00 |
| for tax audit | **3.50** | 3.50 |
| for GST audit | **-** | - |
| for taxation matters | **12.38** | 35.96 |
| for reimbursement of expenses | **-** | - |
| | **34.88** | 55.96 |

**26 Income taxes relating to continuing operations**

**26.1 Income tax recognised in profit or loss**

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| **Current tax** | | |
| In respect of the current year | **1,251.09** | 1,606.11 |
| In respect of the prior years | **198.93** | (1.64) |
| | **1,450.02** | 1,604.47 |
| **Deferred tax** | | |
| In respect of the current year | **110.90** | (50.52) |
| Deferred tax reclassified from equity to profit or loss | **-** | - |
| | **110.90** | (50.52) |

**26.2 Reconciliation of income tax expense for the year to the accounting profit is as follows:**

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Profit before tax from continuing operations | **5,205.13** | 5,602.85 |
| Income tax expense calculated at 25.168% | **1,310.03** | 1,410.13 |
| Effect of income that is exempt from tax | **(1.32)** | (0.40) |
| Effect of expenses that are not deductible in determining taxable profit | **(57.61)** | 196.38 |
| | **1,251.09** | 1,606.11 |
| Adjustment recognised in the current year in relation to the current tax of earlier years | **198.93** | (1.64) |
| **Income tax expense recognised in profit or loss** | **1,450.02** | 1,604.47 |

**26.3 Income tax recognised in other comprehensive income**

| | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|
| Deferred tax arising on income and expenses recognised in other comprehensive income | | |
| **A. Items that will not be recycled to profit or loss** | | |
| Remeasurements of the defined benefit liabilities / (asset) | **17.10** | 35.82 |
| | **17.10** | 35.82 |
| **B. Items that may be reclassified to profit or loss** | | |
| Effective portion of gain / (loss) on Designated Portion of Hedging Instruments in a Cash Flow Hedge (net) | **(19.36)** | 16.94 |
| | **(19.36)** | 16.94 |
| | **(2.26)** | 52.76 |

**26.4** Current tax for the year ended 31 March 2023 includes tax expense with respect to foreign branches amounting to ₹640.9 Lakhs [year ended 31 March 2022 ₹775.86 Lakhs].

**26.5** The tax rate used for the above reconciliation is the rate as applicable for the respective period payable by corporate entities in India on taxable profits under the Indian income tax laws. Company has elected to claim benefit given under section 115BAA of Income tax Act,1961 and has applied tax rate of 22% for computation of current tax and deferred tax.

**27. Contingent Liabilities and Commitments**

| | | **Year ended 31 March 2023** | Year ended 31 March 2022 |
|---|---|---|---|
| **A** | **Claims against the Company not acknowledged as debt** | | |
| i | Disputed income tax matters [Refer Note 27.1] | **2,562.05** | 2,739.65 |
| ii | Disputed service tax liability for which the Company preferred appeal | **947.19** | 947.19 |
| iii | Disputed interest liability on service tax for which the Company preferred appeal | **Not Ascertained** | Not Ascertained |
| iv | Demand from EPFO for which the Company preferred appeal | **193.79** | 193.79 |
| v | Others [Refer Note 27.2] | **31,661.00** | 28,253.90 |
| **B** | **Commitments** | | |
| | Estimated amount of contracts remaining to be executed on capital account and not provided for | **0.49** | 3.78 |

**27.1 Disputed income tax matters**

Assessment upto AY 2008-09 has been completed and necessary adjustments have been made to reflect reversal of tax provision created for these years and the advance tax in the financial statements.

For AY 2009-10, the TPO/AO passed consequential orders giving the relief per the ITAT order. However, new issue which was not part of original proceedings, relating to addition of Commission as transfer price adjustment, has led to a new demand. The issue relating to TP adjustment of commission had been decided in favour of the Company in earlier years and hence, no provision for tax is made in respect of the demand raised.

For AY 2010-11 and 2011-12 the Hon'ble ITAT remanded case back to the Transfer Pricing Officer for fresh adjudication which resulted in additional demand. For AY 2010-11 the demand related to transfer pricing adjustment relating to revenue from ITES, which was decided in favour of the Company for AY 2009-10, The demand relating to all the AYs from AY 2009-10 to AY 2014-15 is disclosed as part of contingent liability. For the AY 2011-2012 the demand related to TP adjustment on interest on delayed trade receivables. The Company had filed appeal before Hon’ble CIT for all the AYs.

For AY 2015-16 to 2017-18, the matters relate to TP adjustment of ITES and Interest, disallowance of reimbursement of expenses to certain residents and non-residents for non-deduction of TDS. The first issue was decided in favour of the Company and the second issue is remanded back. The consequential orders were passed accordingly. The appeals filed by the Company are pending with CIT(A) for these assessment years.

**27.2 Contingent Liability - Others**

The Company was promoted as 50:50 Joint Venture by Satyam Computer Services Ltd ("Satyam") and Venture Global Engineering LLC US ("Venture"). The joint venture partners entered into a Shareholders' Agreement (SHA) dated October 20, 1999 that provided for a royalty payment from the Company to both the joint venture partners in terms of a separate Royalty Agreement to be entered into between the Company and the joint venture partners. The Royalty Agreement was not entered into between the Company and the joint venture partners as envisaged in the SHA.

The Company and joint venture partners entered into separate Sales Commission Agreements that provided for payment of sales commission to the joint venture partners as per terms and conditions contained in the said agreements. In line with the provisions contained therein, the Company has been accruing and paying commission to its joint venture partners up to the year 2005-06.

During the year 2005-06, Satyam commenced arbitration proceedings against Venture in the London Court of International Arbitration ("LCIA") by invoking the arbitration clause in the SHA. Satyam's claims were upheld by the

LCIA in its award dated April 2006 ("the Award"). Since then both the joint venture partners have raised numerous claims against each other resulting in multiple legal proceedings both in India and the USA that are still ongoing.

On January 7, 2009, the then Chairman of Satyam vide his letter addressed to then existing Board of Directors of Satyam, the stock exchanges and SEBI admitted to several financial irregularities in Satyam. Consequent to a global bidding process to take over the management of Satyam, M/s Venturbay Consultants Private Limited (the successful bidder) took over the management of Satyam.

Notwithstanding the dispute, the Company under its erstwhile management, continued to accrue the sales commission in its books. The newly reconstituted Board approved the accounts of the Company for the years 2008-09, 2009-10 and 2010-11, with continued accrual of sales commission. This was based on a view taken by the newly constituted Board that the matter is sub-judice that was corroborated by legal opinion and continued as prudent measure.

During the meetings held in 2011-12, the Board discussed the need to accrue the sales commission, as Venture did not render any services to the Company either during the year or during the past many years since the dispute. Further, in so far as the Company was concerned, Venture had not, till that point of time, claimed any amounts towards sales commission. The Board also took note of the fact (based on an updated legal opinion) that the issue of sales commission is not a disputed matter before the Courts either in India or in USA and not sub judice, as per original view.

Under the circumstances, the Board took the view on May 14, 2012 when the financial statements for the year ended March 31, 2012 was tabled for approval, that the accrual of sales commission from FY 05-06 to FY 10-11 of ₹3,594.07 Lakhs be written back as other income in the Statement of Profit and Loss and the sales commission for the period from April 2011- December 2011 be reversed. However, as a prudent measure, the Board directed that the Company provide an amount of ₹5,291.41 Lakhs as a provision for contingency, covering the period from FY 05-06 to FY 11-12 which in its opinion would be adequate to cover any possible outflow that may arise in respect of the aforesaid matter and adjustments to the financial statements if any, to be made on final disposal of legal proceedings.

Subsequent to the adoption of accounts by the Board, the Company was served a suit filed by Venture before the City Civil Court, Secunderabad inter alia seeking a direction to the Company to pay sales commission that it was entitled to under the Shareholders Agreement. In the said suit, two ex-parte orders were passed by the City Civil Court , directing the Company, Venture and Satyam to maintain status quo with regard to transfer of 50% shares of Venture and with regard to taking major decisions which are prejudicial to interest of Venture . The Company has challenged the ex-parte orders of the City Civil Court Secunderabad, before the Hon'ble High Court of Andhra Pradesh ("the High Court").

In a related development, the City Civil Court, Hyderabad set aside the Award in January 2012, against which Satyam has filed an appeal before the High Court.

The High Court by its Judgement dated August 23, 2013 has allowed the appeals filed by the Company and set aside the ex-parte interim orders against the Company. The High Court has also set aside the Order of the City Civil Court, Hyderabad setting aside the Award and upheld the Award in favour of Satyam. The High Court as an interim measure ordered status quo with regard to transfer of shares, originally given by Supreme Court to be maintained for four (4) weeks which was extended for a further period of 3 weeks by High Court on 19th September, 2013

Venture filed an SLP before the Supreme Court of India which was heard by the Apex Court on 21st October, 2013 and Supreme Court as an interim measure ordered status quo with regard to transfer of shares. TechM has filed a Special leave Petition before the Supreme Court of India challenging the judgement of the High Court only on the limited issue as to whether the Civil Court has jurisdiction to entertain VGE's challenge to the Award. The Hon'ble Bench of Supreme Court, in view of the difference of opinion by an order dated November 1, 2017 has directed the registry to place the SLP's before the Chief Justice of India for appropriate further course of action.

The Company has not modified the provision for contingencies amounting to ₹5,291.41 Lakhs as on 31 March 2012. The Company has also disclosed an amount of ₹31,661 Lakhs [31 March 2022: ₹₹28,253.9 Lakhs] as contingent liability, to cover any possible charge that may arise in respect of the above said matter, in the financial statements for the year ended 31 March 2023 by way of abundant caution notwithstanding the Board's view that there is no need to accrue sales commission since Venture did not provide any services to the Company.

**28. Preparation of financial statements:**

"At the Annual General Meetings of the Company, one of the shareholders abstained from voting on the resolution for adoption of audited financial statements as at and for the years ended 31 March 2012 to 2022. In terms of Article 66 of the Articles of Association of the Company, the adoption of audited financial statements requires unanimous consent of both the shareholders of the Company. Therefore, the said financials have not been approved by the shareholders. The financial statements as at and for the year ended 31 March 2023 have been drawn up incorporating the opening balances based on above said financial statements which have not been adopted by the Shareholders. Adjustments required, if any, will be made in accounts as and when determined."

**29.** Pursuant to the order from Ministry of Corporate Affairs, Serious Fraud Investigation Office (SFIO) vide its letter dated January 9, 2009 carried out inspection of books of accounts and other records of the Company under Section 209A of the Act. Consequent to inspection, SFIO has filed a complaint in Economic Offences Court, Hyderabad (“the trial court”) against the Company and the then directors. The Company has filed a writ petition in the Hon’ble High court of judicature at Hyderabad to quash the complaint of SFIO. The Hon’ble High Court has directed the trial court not to insist the appearance of directors for examination.

The Management at this juncture, does not foresee adjustments, if any, to be made in the financial statements of the Company.

**30. Employee benefit plans**

**30.1 Defined Contribution Plan**

The Company makes contributions to Provident and other Fund which is a defined contribution plans for qualifying employees. Under these Scheme, the Company contributes a specified percentage of the payroll costs to the respective funds. The Company has recognized ₹415.86 Lakhs [31 March 2022 : ₹409.07 Lakhs] as an expense in the Statement of Profit and Loss.

**30.2 Defined Benefit Plan**

The gratuity scheme is a final salary Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The plan design means the risks commonly affecting the liabilities and the financial results are expected to:

a) Interest rate risk : the defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

b) Salary inflation risk : Higher than expected increases in salary will increase the defined benefit obligation

c) Demographic risk : For example, as plan is open to new entrants, an increase in membership will increase the defined benefit obligation. Also, the plan only provides benefits upon completion of a vesting criteria. Therefore, if turnover rates increase, then the liability will tend to fall as fewer employees reach vesting period.

**I The Principal Assumptions used for the purposes of the actuarial valuation as follows**

| | **Details** | **31/Mar/2023** | **31/Mar/2022** |
|---|---|---|---|
| 1 | Discount Rate(s) | **7.10%** | 6.20% |
| 2 | Expected Rate(s) of salary increase | **5% for first year, 10% there after** | 5% for first year, 10% there after |
| 3 | Demographic Assumptions | | |
| | Mortality Rate | **Indian Assured lives Mortality (2006-08) Ult.** | Indian Assured lives Mortality (2006-08) Ult. |
| | For Offshore Employees | **20.00%** | 20.00% |
| | Onsite Employees | **15.00%** | 15.00% |

**II Disclosure of defined benefit cost :**

| | Details | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| **A** | **Amounts Recognised in statement of Profit & Loss** | | |
| 1 | Current Service Cost | **150.94** | 186.31 |
| 2 | Past service cost - plan amendments | **-** | 11.55 |
| 3 | Curtailment cost / (credit) | **-** | - |
| 4 | Settlement cost / (credit) | **-** | - |
| **5** | **Service Cost** | **150.94** | 197.86 |
| 6 | Net interest on net defined benefit liability / (asset) | **71.88** | 76.38 |
| 7 | Immediate recognition of (gains)/losses - other long term employee benefit plans | **-** | - |
| 8 | Cost of Termination Benefits | **-** | - |
| **9** | **Cost recognised in P&L** | **222.82** | 274.23 |

**30. Employee benefit plans cont…**

| | Details | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| **B** | **Amounts Recognised in Other Comprehensive Income ( OCI )** | | |
| 1 | Actuarial (gain)loss due to DBO experience | **43.59** | (40.73) |
| 2 | Actuarial (gain)loss due to DBO assumption changes | **(111.54)** | (101.57) |
| **3** | **Actuarial (gain)loss arising during the period** | **(67.95)** | (142.31) |
| 4 | Return on plan assets (Greater)/Less than discount rate | **-** | - |
| 5 | Actuarial (gains)/losses recognised in OCI | **(67.95)** | (142.31) |
| 6 | Adjustment for limit on net asset | **-** | - |
| 7 | Cumulative Actuarial (Gain)/ Loss Recognised via OCI at Prior Period End | **-** | - |
| **8** | **Cumulative Actuarial (Gain)/ Loss Recognized via OCI at Current Period End** | **(67.95)** | (142.31) |
| | | | |
| **C** | **Defined benefit cost** | | |
| 1 | Service Cost | **150.94** | 197.86 |
| 2 | Net interest on net defined benefit liability / (asset) | **71.88** | 76.38 |
| 3 | Actuarial (gains)/losses recognised in OCI | **(67.95)** | (142.31) |
| 4 | Immediate recognition or (gains)/losses - other long term employee benefit plans | **-** | - |
| **5** | **Defined Benefit Cost** | **154.87** | 131.93 |

**III Changes in benefit obligation and assets**

| | Details | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| **A.** | **Changes in defined benefit obligation:** | | |
| 1 | Defined benefit obligation(DBO) at the end of prior period | **1,256.60** | 1,300.00 |
| 2 | Current service cost | **150.94** | 186.31 |
| 3 | Interest cost on the DBO | **71.88** | 76.38 |
| 4 | Curtailment (credit)/ cost | **-** | - |
| 5 | Settlement (credit)/ cost | **-** | - |
| 6 | Past service cost - plan amendments | **-** | 11.55 |
| 7 | Acquisitions (credit)/ cost | **8.75** | - |
| 8 | Actuarial (gain)/loss - experience | **43.59** | (40.73) |
| 9 | Actuarial (gain)/loss - demographic assumptions | **-** | - |
| 10 | Actuarial (gain)/loss - financial assumptions | **(111.54)** | (101.57) |
| 11 | Benefits paid directly by the Company | **(194.47)** | (175.33) |
| 12 | Benefits paid from plan assets | **-** | - |
| **13** | **DBO at end of current period** | **1,225.74** | 1,256.60 |
| **B.** | **Changes in fair value of assets:** | | |
| 1 | Fair value of assets at end of prior period | **-** | - |
| 2 | Acquisition adjustment | **-** | - |
| 3 | Interest income on plan assets | **-** | - |
| 4 | Employer contributions | **-** | - |
| 5 | Return on plan assets greater/(lesser) than discount rate | **-** | - |
| 6 | Benefits paid | **-** | - |
| **7** | **Fair Value of assets at the end of current period** | **-** | - |

**30. Employee benefit plans cont…**

**IV Additional Disclosures**

| | Details | 31 March 2023 | 31 March 2022 |
|---|---|---|---|
| **A.** | **Expected benefit payments for the period ending** | | |
| | 2024 (PY 2023) | **222.72** | 220.54 |
| | 2025 (PY 2024) | **223.10** | 213.22 |
| | 2026 (PY 2025) | **217.71** | 219.48 |
| | 2027 (PY 2026) | **220.26** | 219.53 |
| | 2028 (PY 2027) | **235.09** | 223.71 |
| | 2029 TO 2033 (PY 2028 to 2032) | **1,013.84** | 991.70 |
| **B.** | **Current and Non current breakup** | | |
| | Current liability | **215.21** | 214.01 |
| | Non current liability | **1,010.54** | 1,042.59 |
| | **Total Liability** | **1,225.74** | 1,256.60 |

**V Sensitivity Analysis**

| | Details | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **A** | **Discount rate** | | |
| | Discount rate as at period end | **7.10%** | 6.20% |
| | Effect on DBO due to 0.5% increase in discount rate | **(26.85)** | (29.39) |
| | Effect on DBO due to 0.5% decrease in discount rate | **28.11** | 30.85 |
| **B** | **Salary escalation rate** | | |
| | Salary escalation rate as at period end | **5% for first year, 10% Thereafter** | 5% for first year, 10% Thereafter |
| | Effect on DBO due to 0.5% increase in salary escalation rate | **27.87** | 30.61 |
| | Effect on DBO due to 0.5% decrease in salary escalation rate | **(27.13)** | (29.58) |
| **C** | **Withdrawal Rate** | | |
| | **For Offshore Employees:** | **20.00%** | 20.00% |
| | **Onsite Employees:** | **15.00%** | 15.00% |
| | Effect on DBO due to 5% increase in withdrawal rate | **(36.60)** | (50.83) |
| | Effect on DBO due to 5% decrease in withdrawal rate | **53.96** | 77.89 |

Method used for sensitivity analysis: The sensitivity results above determine their individual impact on the Plan's end of year Defined Benefit Obligation. In reality, the Plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar or opposite directions, while the Plan's sensitivity to such changes can vary over time.

**31. Related Party Transactions**

**31.1 Following is the list of related parties and their relationships**

**A. Joint Venture Partner**

1. Tech Mahindra Limited
2. Venture Global Engineering LLC

**B. Subsidiaries**

3. Satyam Venture Engineering Services (Shanghai) Co. Ltd
4. Satven GmbH

**C. Enterprise having significant influence over Tech Mahindra Limited**

5. Mahindra & Mahindra Ltd

**D. Under control of Tech Mahindra Limited**

6. Tech Mahindra GmbH
7. Tech Mahindra Foundation

**E. Under control of Venture Global Engineering LLC**

8. Jiangyin Venture Interior System
9. Venture Diversified Products
10. Venture Mould & Engg Co
11. Venture Otto South Africa (Prop) Ltd
12. Venture Auto Design(Shanghai)Co. Ltd

**F. Key Managerial Personnel**

| | | |
|---|---|---|
| 13. | Basanta Kumar Mishra | Chairman and Director |
| 14. | Jayaraman Ganapathy | Director |
| 15. | VenkataKumar Raju Vadapalli | Director |

| | | |
|---|---|---|
| 16. | Krishna Kumari Palle | Director |
| 17. | Venkateswara Rao Gajjala | Director |
| 18. | Narasimham Venkata Rachakonda | Director |
| 19. | Venkateswarlu Jonnalagadda | Independent Director |
| 20. | Subramanyam Reddy Chelikam | Independent Director |
| 21. | Rao S Vadlamudi | Chief Executive Officer |
| 22. | Srinivas Chakravarthi Ramancherla | Chief Financial Officer |
| 23. | Aradhana Rewatkar | Company Secretary |

**31.2 Related party transactions during the period are as follows:**

| | **31 March 2023** | 31 March 2022 |
|---|---|---|
| **Tech Mahindra Limited** | | |
| Revenue | **4,628.07** | 4,729.64 |
| Reimbursement of Expenditure | **129.58** | 138.42 |
| **Tech Mahindra GmbH** | | |
| Revenue | **484.51** | - |
| **Satyam Venture Engineering Services (Shanghai) Co. Ltd** | | |
| Revenue | **469.75** | 550.07 |
| Dividend received | **-** | 303.28 |
| Advance given during the year | **2.78** | - |
| **Satven GmbH** | | |
| Advance given/(repaid) during the year | **4.75** | - |

| | **31 March 2023** | 31 March 2022 |
|---|---|---|
| **Mahindra & Mahindra Ltd.** | | |
| Revenue | **271.39** | 161.96 |
| **Tech Mahindra Foundation** | | |
| Contribution made toward CSR Expenditure | **65.00** | 66.00 |
| **Directors' Sitting Fees** | | |
| Jayaraman Ganapathy | **1.25** | 1.40 |
| Vadapalli Venkata Kumar Raju | **1.75** | 1.80 |
| Venkateswarlu Jonnalagadda | **2.25** | 2.10 |
| Subramanyam Reddy Chelikam | **2.00** | 1.80 |
| **Compensation to Key Managerial Personnel** | | |
| (a) short-term employee benefits; | **241.76** | 187.37 |
| (b) post-employment benefits; | **-** | - |
| (c) other long-term benefits; | **5.63** | 5.56 |
| (d) termination benefits; and | **-** | - |
| (e) share-based payment. | **-** | 109.39 |
| **Staff Loan/Salary Advance paid during the period** | **2.54** | 23.13 |

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Debit balances outstanding** | | |
| Tech Mahindra Limited | **3,321.62** | 2,812.99 |
| Tech Mahindra GmbH | **80.82** | - |
| Satyam Venture Engineering Services (Shanghai) Co. Ltd | **216.85** | 59.77 |
| Satven GmbH | **4.75** | - |
| Mahindra & Mahindra Ltd | **150.85** | 53.51 |
| Staff Loan and advance to KMP | **-** | 1.47 |
| **Credit balances outstanding** | | |
| Rao S Vadlamudi | **17.50** | - |
| Srinivas Chakravarthi Ramancherla | **1.85** | - |
| Aradhana Rewatkar | **1.25** | - |

**32. Significant changes in the contract assets balances on fixed price development contracts**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Opening Balance** | **30.74** | 34.80 |
| Add: Revenue recognised during the reporting period | **4.10** | 30.74 |
| Less: Invoiced during the period | **(30.74)** | (34.80) |
| Add/Less: Translation loss/(gain) | **-** | - |
| Add/Less: Others | **-** | - |
| **Closing Balance** | **4.10** | 30.74 |

**33. Segment Information**

**33.1** Based on the assessment of the chief operating decision maker ('CODM'), for the purpose of resource allocation and assessment of segment performance, the Company has only one business segment viz, engineering services.

**33.2 Geographical information**

The Company operates in seven principal geographical areas - India (country of domicile), United States of America (USA), Europe, Canada, Australia, South Africa and Asia Pacific comprising of China, Japan, Mexico and Singapore

The Company's revenue and Non-Current Assets from continuing operations from customers by location of operations are detailed below:

| | Revenue | | Non-Current Assets | |
|---|---|---|---|---|
| | **Year ended 31 March 2023** | Year ended 31 March 2022 | **As at 31 March 2023** | As at 31 March 2022 |
| India | **11,708.47** | 12,338.36 | **12,993.90** | 12,015.15 |
| USA | **13,045.59** | 13,245.35 | **32.50** | 10.17 |
| Europe | **4,610.33** | 3,446.02 | **21.16** | 103.25 |
| Asia Pacific | **3,427.51** | 4,028.06 | **9.12** | 13.06 |
| Canada | **18.58** | - | **-** | - |
| Other | **1,260.57** | 845.53 | **0.99** | 1.15 |

**33.3 Information about major customers**

Revenue arising from sales of Automotive Engineering Services consits of about 60 customers base and out of them 10 customers contribute 80% of revenue.

**34. Financial Instruments**

**Capital Management**

Equity share capital and other equity are considered for the purpose of Company's capital management. The Company manages its capital so as to safeguard its ability to continue as a going concern. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

**Financial Risk Management**

The Company's activities are exposed to liquidity and market risks. The Company's senior management has the overall responsibility for establishing and governing the company's risk management frame work. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the board annually.

**Financial Instruments by category**

The carrying value and fair value of financial instruments by categories as of 31 March 2023 is as follows:

| Particulars | Fair value through P&L | Fair value through OCI | Derivative instruments in hedging relationship | Amortised cost | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Cash and cash equivalents | - | - | - | 3,402.38 | 3,402.38 | 3,402.38 |
| Other balances with banks | - | - | - | 6,183.33 | 6,183.33 | 6,183.33 |
| Trade receivables | - | - | - | 7,494.03 | 7,494.03 | 7,494.03 |
| Investments (Other than in subsidiaries) | 12,169.63 | - | - | - | 12,169.63 | 12,169.63 |
| Other financial assets | - | - | 39.13 | 8,348.91 | 8,388.04 | 8,388.04 |
| **Total** | **12,169.63** | **-** | **39.13** | **25,428.65** | **37,637.41** | **37,637.41** |
| **Liabilities** | | | | | - | - |
| Trade and other payables | - | - | - | 678.52 | 678.52 | 678.52 |
| Other financial liabilities | - | - | 38.53 | 569.89 | 608.42 | 608.42 |
| **Total** | **-** | **-** | **38.53** | **1,248.41** | **1,286.94** | **1,286.94** |

The carrying value and fair value of financial instruments by categories as of 31 March 2022 is as follows:

| Particulars | Fair value through P&L | Fair value through OCI | Derivative instruments in hedging relationship | Amortised cost | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Cash and cash equivalents | - | - | - | 2,991.39 | 2,991.39 | 2,991.39 |
| Other balances with banks | - | - | - | 6,119.54 | 6,119.54 | 6,119.54 |
| Trade receivables | - | - | - | 6,574.56 | 6,574.56 | 6,574.56 |
| Investments (Other than in subsidiaries) | 10,838.06 | - | - | - | 10,838.06 | 10,838.06 |
| Other financial assets | - | - | 77.60 | 7,362.92 | 7,440.52 | 7,440.52 |
| **Total** | **10,838.06** | **-** | **77.60** | **23,048.41** | **33,964.07** | **33,964.07** |
| **Liabilities** | | | | | - | - |
| Trade and other payables | - | - | - | 608.46 | 608.46 | 608.46 |
| Other financial liabilities | - | - | 0.08 | 667.18 | 667.26 | 667.26 |
| **Total** | **-** | **-** | **0.08** | **1,275.64** | **1,275.72** | **1,275.72** |

The fair value of cash and cash equivalents, other balances with bank, trade receivables, unbilled revenues, trade payables, and certain other financial assets and liabilities approximate their carrying amount largely due to the short term nature of these instruments.

**Fair value hierarchy**

The following table summarises financial asses and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required):

The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level -1 that are observable for 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). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

| Particulars | As at 31 March 2023 | | | As at 31 March 2022 | | |
|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Financial assets | | | | | | |
| Mutual fund investments | **12,169.63** | **-** | **-** | 10,838.06 | - | - |
| Equity shares | **-** | **-** | **768.36** | - | - | 943.67 |
| Derivative financial assets | **-** | **39.13** | **-** | - | 77.60 | - |
| **Total** | **12,169.63** | **39.13** | **768.36** | 10,838.06 | 77.60 | 943.67 |
| Financial Liabilities | | | | | | |
| Derivative financial liabilities | **-** | **38.53** | **-** | - | 0.08 | - |
| **Total** | **-** | **38.53** | **-** | - | 0.08 | - |

**Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

The Company has several balances in foreign currency and consequently the company is exposed to foreign exchange risk. The exchange rate between the rupee and foreign currencies has changed substantially in recent years, which has affect on the results of the Company, and may fluctuate substantially in the future. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities based on gross exposure and the unhedged foreign currency exposures outstanding at the end of reporting period is as under:

| Currency | Assets | | Liabilities | |
|---|---|---|---|---|
| | **As at 31 March 2023** | As at 31 March 2022 | **As at 31 March 2023** | As at 31 March 2022 |
| USD | **3,994.81** | 4,402.81 | **365.48** | 559.02 |
| JPY | **750.84** | 1,044.95 | **221.17** | 132.88 |
| Euro | **1,526.12** | 1,149.41 | **111.94** | 131.90 |
| CNY | **214.07** | 59.77 | **-** | - |
| GBP | **251.48** | 235.68 | **17.75** | 9.04 |
| Others | **906.79** | 572.06 | **128.15** | 156.53 |

**Forward Exchange Contracts**

The Company enters into foreign exchange forward contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than the Indian Rupee. The counter party to the Company’s foreign currency Forward Contracts is generally a bank. These contracts are entered into to hedge the foreign currency risks of certain forecasted transactions. Forward exchange contracts in USD exposure are USD to INR and for EUR exposure are EUR to INR. These contracts are for a period of two years.

The following are the various outstanding foreign currency to Indian currency forward contracts (Sell) entered into be the company which has been designated as cash flow hedges:

| | | Amount outstanding in Foreign currency | | Fair Value Gain / (Loss) | |
|---|---|---|---|---|---|
| | Currency | **As at 31 March 2023** | As at 31 March 2022 | **As at 31 March 2023** | As at 31 March 2022 |
| Type of cover | | | | | |
| Forward | USD to INR | **18.47** | 10.04 | **28.97** | 10.20 |
| | EUR to INR | **17.27** | 10.85 | **47.95** | 57.09 |

The movement in hedging reserve for derivatives designated as Cash Flow Hedges is as follows:

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Credit / (Debit) balance at the beginning of the year | **58.01** | 7.66 |
| Gain / (loss) net transferred to income statement on occurrence of forecasted hedge transaction | **-** | - |
| Changes in fair value of effective portion of cash flow derivative occurred during the year | **-** | - |
| Changes in fair value of effective portion of outstanding cash flow derivative | **-76.93** | 67.29 |
| Tax impact on effective portion of outstanding cash flow derivative | **19.36** | -16.94 |
| Credit/(Debit) balance at the end of the year | **0.44** | 58.01 |

**Credit Risk Management**

Credit Risk refers to the risk for a counter party default on its contractual obligation resulting a financial loss to the Group. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risk. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. The maximum exposure of the financial assets represents trade receivables.

Credit risk on trade receivables is limited as the customers of the Company mainly consists of the entities having a strong credit worthiness. For doubtful receivables the Company uses a provision matrix to compute the expected credit loss allowances for trade receivables. The provision matrix takes into account ageing of accounts receivables and the company's historical experience of the customers and financial conditions of the customers.

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily are investment in liquid mutual fund units issued by institutions with high credit ratings.

**Liquidity Risk Management**

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments.

| | **As at 31 March 2023** | | **As at 31 March 2022** | |
|---|---|---|---|---|
| | **Accounts payable and acceptances** | **Other financial liabilities** | **Accounts payable and acceptances** | **Other financial liabilities** |
| Carrying amount | 678.52 | 608.42 | 608.46 | 667.18 |
| upto 1 year | 678.52 | 586.27 | 608.46 | 667.18 |
| More than 1 year | - | 22.15 | - | 0.08 |
| Total contracted cash flows | 678.52 | 608.42 | 608.46 | 667.26 |

**The table below provides details of financial assets:**

| | **As at 31 March 2023** | **As at 31 March 2022** |
|---|---|---|
| Trade receivables | 7,494.03 | 6,574.56 |
| Other financial assets | 8,388.04 | 7,440.52 |

## 35. Leases

### As a Lessee

The lease arrangements for the Company are in respect of the office premises, the Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases of ₹440.13 Lakhs [31 March 2022 : ₹ 426.81 Lakhs] are recognized as an expense on a straight-line basis over the lease term.

| | **Year ended 31 March 2023** | Year ended 31 March 2022 |
|---|---|---|
| Amount recognised in profit or loss | | 7.66 |
| Expenses related to short term leases | **440.13** | 426.81 |
| Expenses related to leases of low value assets excluding short term leases | **-** | - |

## 36. Earning per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follow.

| | **Year ended 31 March 2023** | Year ended 31 March 2022 |
|---|---|---|
| Profit for the year attributable to owners of the Company | **3,644.21** | 4,048.90 |
| Earnings used in the calculation of basic earnings per share | **3,644.21** | 4,048.90 |
| Weighted average number of equity shares outstanding during the year | **7,088,960** | 7,088,960 |
| Face Value of Equity Shares - ₹ | **10** | 10 |
| Basic and Diluted Earnings per Share * | **51.41** | 57.12 |

* The Company has no potential dilutive instruments

## 37. Ratios

| S. No. | Ratio | Numerator | Denominator | 31 March 2023 | 31 March 2022 | % Variance |
|---|---|---|---|---|---|---|
| a) | Current ratio | Current Assets | Current Liabilities | 4.00 | 3.71 | 8% |
| b) | Debt equity ratio * | - | - | - | - | - |
| c) | Debt service coverage ratio * | - | - | - | - | - |
| d) | Return on equity | Net Profits after taxes | Average Shareholder’s Equity | 5.14 | 5.72 | -10% |
| e) | Inventory turnover ratio * | - | - | - | - | - |
| f) | Trade receivables turnover ratio | Revenue | Average Trade Receivable | 4.84 | 5.05 | -4% |
| g) | Trade payables turnover ratio | Purchases of services and other expenses | Average Trade Payables | 7.12 | 7.57 | -6% |
| h) | Net capital Turnover ratio | Revenue | Working Capital | 1.39 | 1.48 | -6% |

| S. No. | Ratio | Numerator | Denominator | 31 March 2023 | 31 March 2022 | % Variance |
|---|---|---|---|---|---|---|
| i) | Net profit ratio | Net Profit | Revenue | 0.10 | 0.12 | -14% |
| j) | Return on capital employed # | Earning before interest and taxes | Capital Employed | - | 0.17 | -100% |
| k) | Return on investment ## | | | | | |
| | Quoted | Income generated from investments | Average investments | 0.06 | 0.04 | 56% |

* These ratios are not applicable to the company at present.

Reasons for Variance

| | |
|---|---|
| # Return on capital employed : | The variance is due to Increase in Salary Cost & Other Expenses |
| ## Return on investment: | Due to increase in the fair value of investment during the FY 2022-23 |

**38. Corporate social responsibility**

| | | **Year ended 31 March 2023** | Year ended 31 March 2022 |
|---|---|---|---|
| i) | Amount required to be spent by the Company during the Year | **64.91** | 65.26 |
| ii) | Amount of expenditure incurred | **65.00** | 66.00 |
| iii) | Shorfall at the end of the year | **-** | - |
| iv) | Total of previous years shortfall | **-** | - |
| v) | Reasons for shortfall | **-** | - |
| vi) | Details of related party transactions (Refer Note below) | **65.00** | 66.00 |
| vii) | Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year. | **-** | - |

| | | |
|---|---|---|
| viii) | Nature of CSR activities | Contribution is made to Tech Mahindra Foundation (TMF). The TMF has been focusing on implementation projects related to of education and employability. |

**38.1 Represents contribution to Tech Mahindra Foundation**

**39 Additional Regulatory and Other Information which are required to be disclosed under Division - II of Schedule III to the Companies Act, 2013,**

a) The Company does not own any immovable property, investment property and intangible assets under development

b) The Company does not have any borrowings from banks or financial institutions

c) The Company does not have any balance under Capital work in progress

d) The Company has not revalued its Property, Plant and Equipment (including the Right of use assets) and intangible assets during the year under review.

e) The Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPS and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person that are repayable on demand; or without specifying any terms or period of repayment

f) No Proceeding has been initiated or pending against the company under the Benami Transactions (Prohibition) Act, 1988 and the rules made thereunder

g) The Company is not a declared wilful defaulter by any Bank or Financial Institution or other lender.

h) The Company has no transactions with companies struck off under Sec.248 of the companies Act, 2013 or Sec.560 of the Companies Act, 1956.

i) The Company has complied with the number of layers prescribed under Clause 87 of Sec.2 of the Act read with the Companies (Restriction on number of layers) Rules 2017.

j) During the year, no scheme of arrangements has been approved by the competent authority in terms of Sec.230 to 237 of the Act, in which the company is a party.

k) A). The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies) including foreign entities (intermediaries) with the understanding (whether recorded in writing or otherwise) that the intermediary shall (i) directly or Indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries); or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

B). The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

for and on behalf of the Board of
**Satyam Venture Engineering Services Private Limited**
CIN: U72200TG2000PTC033213

| | | |
|---|---|---|
| **B. K. Mishra**<br>Director<br>DIN: 09163831 | **V.Venkata Kumar Raju**<br>Director<br>DIN: 02958816 | **Rao.S.Vadlamudi**<br>CEO |
| | **Srinivas R**<br>CFO | **Aradhana R.**<br>Company Secretary |

Hyderabad, 20 April 2023

# INDEPENDENT AUDITOR'S REPORT

To the Members of

Satyam Venture Engineering Services Private Limited

Report on the Audit of the Consolidated Financial Statements

**Opinion**

We have audited the accompanying consolidated financial statements of Satyam Venture Engineering Services Private Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2023, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated 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 other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2023, their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows and for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group 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 consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with the these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter**

We draw attention to the following notes in the consolidated financial statements:

a) Note 27.2 regarding reckoning of ₹31,661.00 Lakhs as contingent liability, towards any possible charge that may arise in respect of ongoing dispute between the promoters, for the period from 01 April 2012 to 31 March 2023 based on legal advice and for reasons stated in the said note notwithstanding the status of litigation between the promoters on various issues relating to the Shareholders Agreement, the outcome of which is not determinable at this stage; and

b) Note 28 regarding drawing up of accounts for the year incorporating opening balances based on the financial statements of earlier years which have not been adopted by the shareholders.

Our opinion is not modified in respect of these matters.

**Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Directors Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our 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.

**Management's Responsibility for the Consolidated Financial Statements**

The Holding 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intend to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

**Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls with reference to consolidated 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 ability of the Group 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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

**Other Matters**

We did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of ₹1,674.67 Lakhs and net assets of ₹1,559.75 Lakhs as at 31 March 2023, total revenues of ₹1,559.05 Lakhs and net cash inflows amounting to ₹269.94 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the ‘Other Matters’ paragraph, we report, to the extent applicable, 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 purpose of our audit of the aforesaid consolidated financial statements;

   (b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

   (c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

   (d) in our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the rules issued thereunder;

   (e) the matter relating to contingent liability described in paragraph (a) under the Emphasis of Matters above, in our opinion, may have an adverse effect on the functioning of the Group;

   (f) on the basis of written representations received from the directors of the Holding Company as on 31 March 2023, and taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164 (2) of the Act;

   (g) with respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate report in ‘Annexure A’; and

(h) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the provisions of Section 197 of the Act and the rules thereunder are not applicable to the Company.

(i) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'Other matter' paragraph:

i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer note 27 to the consolidated financial statements;

ii. The Company does not have any material foreseeable losses relating to long term contracts including derivate contracts as on 31 March 2023. No provision is made in respect of the contingent liability described under note 27.2 since the matters involving these litigations are sub-judice at present, the impact of these pending litigations on its financial position could not be stated in the Consolidated Financial Statements.; and

iii. there are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2023.

iv. (i) the respective managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(ii) the respective management of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(iii) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material mis-statement.

v. The Company has not declared or paid any dividend during the year.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from 01 April 2023 to the Company and its subsidiaries, which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31 March 2023.

for **M. Bhaskara Rao & Co.**
Chartered Accountants
Firm Registration No.000459S

**K.S. Mahidhar**

Partner
Membership No.220881
UDIN: 23220881BGVRVX4630
Hyderabad, 20 April 2023

# ANNEXURE A TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(g) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the members of Satyam Venture Engineering Services Private Limited)

**Report on the Internal Financial Controls with reference to Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to Consolidated Financial Statements of Satyam Venture Engineering Services Private Limited (“the Holding Company”). The subsidiary companies are companies incorporated outside India.

**Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the Holding Company, are 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.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to Consolidatd Financial Statements of the Holding Company, 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”) issued by ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to Consolidated Financial Statements. 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 with reference to Consolidated 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 with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to Consolidated 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 with reference to Consolidated Financial Statements of the Comapny.

**Meaning of Internal Financial Controls with reference to Consolidated Financial Statements**

A company's internal financial control with reference to Consolidated 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 with reference to Consolidated 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls with reference to Consolidated 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 with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial control with reference to Consolidated 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 Holding Company has, in all material respects, an adequate internal financial controls with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to Consolidated Financial Statements established by the Holding 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 ICAI.

for **M. Bhaskara Rao & Co.**
Chartered Accountants
Firm Registration No.000459S

**K.S. Mahidhar**
Partner
Membership No.220881

Hyderabad, 20 April 2023

UDIN: 23220881BGVRVX4630

# CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2023

All amounts are Rupees in lakhs unless otherwise stated

| **Particulars** | **Note** | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| (a) Property, Plant and Equipment | 4 | **477.42** | 563.24 |
| (b) Other Intangible assets | 5 | **202.17** | 387.93 |
| (c) Financial assets | | | |
| (i) Other financial assets | 6 | **5,067.43** | 3,889.92 |
| (d) Deferred tax assets (net) | 7 | **289.57** | 404.91 |
| (e) Non-current tax assets (net) | 9 | **6,383.56** | 6,048.36 |
| **Total Non-Current Assets** | | **12,420.15** | 11,294.36 |
| **Current Assets** | | | |
| (a) Financial assets | | | |
| (i) Investments | 8 | **12,169.63** | 10,838.06 |
| (ii) Trade receivables | 10 | **7,636.72** | 6,673.73 |
| (iii) Cash and cash equivalents | 11 | **4,665.24** | 3,984.32 |
| (iv) Other bank balances | 12 | **6,183.33** | 6,119.54 |
| (v) Other financial assets | 6 | **3,246.44** | 3,863.51 |
| (b) Other current assets | 13 | **1,505.47** | 1,231.22 |
| **Total Current Assets** | | **35,406.83** | 32,710.38 |
| **Total Assets** | | **47,826.98** | 44,004.74 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity share capital | 14 | **708.90** | 708.90 |
| (b) Other equity | 15 | **37,172.58** | 33,367.74 |
| **Total Equity** | | **37,881.48** | 34,076.64 |
| **LIABILITIES** | | | |
| Non-Current Liabilities | | | |
| (a) Other Financial Liabilities | 18 | **22.15** | 0.08 |
| (b) Provisions | 16 | **1,284.51** | 1,319.23 |
| Total Non-Current Liabilities | | **1,306.66** | 1,319.31 |

| Particulars | Note | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Trade payables | 17 | | |
| (A) Total outstanding dues of micro enterprises and small enterprises; and | | **3.02** | 3.86 |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | | **728.44** | 665.47 |
| (ii) Other financial liabilities | 18 | **587.12** | 670.71 |
| (b) Other current liabilities | 19 | **520.61** | 601.70 |
| (c) Provisions | 16 | **5,603.67** | 5,631.00 |
| (d) Current tax liabilities (Net) | 20 | **1,195.99** | 1,036.05 |
| **Total Current Liabilities** | | **8,638.84** | 8,608.79 |
| **Total Equity and Liabilities** | | **47,826.98** | 44,004.74 |

See accompanying notes to the financial statements

In terms of our report attached
for **M. Bhaskara Rao & Co.**
Chartered Accountants
Firm Registration No.000459S

for and on behalf of the Board of
**Satyam Venture Engineering Services Private** Limited
CIN: U72200TG2000PTC033213

**K.S.Mahidhar**
Partner
Membership No.220881

**B. K. Mishra**
Director
DIN: 09163831

**V.Venkata Kumar** Raju
Director
DIN: 02958816

**Rao.S.Vadlamudi**
CEO

**Srinivas R**
CFO

**Aradhana R.**
Company Secretary

Hyderabad, 20 April 2023

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2023

All amounts are Rupees in lakhs unless otherwise stated

| Particulars | Note | **Year ended 31 March 2023** | Year ended 31 March 2022 |
|---|---|---|---|
| **Income** | | | |
| Income from operations | 21 | **35,160.35** | 35,288.62 |
| Other income | 22 | **1,622.01** | 980.90 |
| **Total Income** | | **36,782.36** | 36,269.52 |
| **Expenses** | | | |
| Sub contracting costs | | **339.26** | 281.39 |
| Employee benefits expense | 23 | **25,843.38** | 25,222.01 |
| Finance costs | | **-** | - |
| Depreciation and amortisation expense | 24 | **578.07** | 812.43 |
| Other expenses | 25 | **4,665.06** | 4,478.13 |
| **Total Expenses** | | **31,425.77** | 30,793.96 |
| **Profit before tax** | | **5,356.59** | 5,475.57 |
| **Tax Expense** | 26 | | |
| Current tax | | **1,265.28** | 1,631.08 |
| Earlier years tax | | **189.46** | (1.64) |
| Deferred tax | | **117.60** | (50.52) |
| **Total tax expense** | | **1,572.34** | 1,578.92 |
| **Profit for the year** | | **3,784.25** | 3,896.65 |
| **Other comprehensive income / (loss)** | | | |
| **A. Items that will not be reclassified to profit or loss** | | | |
| Remeasurements of the defined benefit plans | | **67.95** | 142.31 |
| Income tax on above items | 26 | **(17.10)** | (35.82) |
| | | **50.85** | 106.49 |
| **B. Items that may be reclassified to profit or loss** | | | |
| Exchange differences in translating the financial statements of foreign operations | 15 | **27.31** | 46.36 |
| Effective portion of gain / (loss) on Designated Portion of Hedging Instruments in a Cash Flow Hedge (net) | | **(76.93)** | 67.29 |
| Income tax on above items | 26 | **19.36** | (16.94) |

| Particulars | Note | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| | | **(30.26)** | 96.71 |
| **Other comprehensive income / (loss) for the year** | | **20.59** | 203.20 |
| **Total comprehensive income for the year** | | **3,804.84** | 4,099.85 |
| **Total comprehensive income for the year attributable to:** | | | |
| Owners of the Company | | **3,804.84** | 4,099.85 |
| Non controlling interests | | **-** | - |
| **Earnings per equity share** | 36 | | |
| Basic and Diluted - (In ₹ per share) | | **53.38** | 54.97 |

See accompanying notes to the financial statements

In terms of our report attached
for **M. Bhaskara Rao & Co.**
Chartered Accountants
Firm Registration No.000459S

for and on behalf of the Board of
**Satyam Venture Engineering Services Private** Limited
CIN: U72200TG2000PTC033213

**K.S.Mahidhar**
Partner
Membership No.220881

**B. K. Mishra**
Director
DIN: 09163831

**V.Venkata Kumar** Raju
Director
DIN: 02958816

**Rao.S.Vadlamudi**
CEO

**Srinivas R**
CFO

**Aradhana R.**
Company Secretary

Hyderabad, 20 April 2023

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

All amounts are Rupees in lakhs unless otherwise stated

| Particulars | | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| **A.** | **Cash flow from operating activities** | | |
| | Profit for the year | **5,356.59** | 5,475.57 |
| | **Adjustments for** | | |
| | Interest income recognised in profit or loss | **(587.42)** | (490.99) |
| | Loss / (Profit) on sale of fixed assets | **(5.26)** | (1.57) |
| | Depreciation and amortisation of non-current assets | **578.07** | 812.43 |
| | Net (Gain) / Loss on sale of investments | **(15.88)** | (42.56) |
| | Net foreign exchange (gain) / loss | **(87.60)** | 63.70 |
| | Provision for doubtful receivables | **54.14** | 6.08 |
| | Fair value measurements | **(624.23)** | (319.89) |
| | **Operating profit / (loss) before working capital changes** | **4,668.40** | 5,502.77 |
| | **Changes in working capital:** | | |
| | Adjustments for (increase) / decrease in operating assets: | | |
| | Trade Receivables | **(1,017.12)** | 433.59 |
| | Other Non-Current Assets | **-** | - |
| | Other Non-Current Financial Assets | **(10.87)** | 52.57 |
| | Other Current Financial Assets | **764.41** | (1,330.28) |
| | Other Current Assets | **(274.25)** | (278.44) |
| | Adjustments for increase / (decrease) in operating liabilities: | | |
| | Other Non Current Financial Liabilities | **-** | - |
| | Non-Current Provisions | **(34.72)** | (142.08) |
| | Trade Payables | **62.82** | 64.08 |
| | Current Provisions | **67.93** | 237.59 |
| | Other Financial Liabilities | **(99.98)** | 258.29 |
| | Other Current Liabilities | **(81.09)** | (19.17) |
| | **Cash generated from operations** | **4,045.54** | 4,778.92 |
| | Income Tax paid (Net) | **(1,630.01)** | (1,850.13) |
| | **Net cash flow from / (used in) operating activities (A)** | **2,415.53** | 2,928.79 |
| **B.** | **Cash flow from investing activities** | | |
| | Payments for property, plant and equipment (including Capital Work in Progress) | **(345.09)** | (535.41) |
| | Proceeds from disposal of property, plant and equipment | **43.17** | 1.51 |
| | Bank balances (Deposits) not considered as cash and cash equivalents | | |
| | - Placed | **(8,380.14)** | (7,250.51) |
| | - Matured | **7,112.15** | 5,993.66 |
| | Current Investments | | |
| | - Purchased | **(4,249.79)** | (11,799.41) |
| | - Proceeds from sale / redemption | **3,558.33** | 10,852.42 |
| | Interest received | **439.17** | 418.94 |

| Particulars | | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| | **Net cash flow used in investing activities (B)** | **(1,822.21)** | (2,318.80) |
| **C.** | **Cash flow from financing activities** | **-** | - |
| | **Net cash flow from / (used in) financing activities (C)** | **-** | - |
| | **Net increase / (decrease) in cash and cash equivalents** | **593.32** | 609.99 |
| | **Cash and cash equivalents at the beginning of the year** | **3,984.32** | 3,438.02 |
| | Effect of exchange difference on cash and cash equivalents held in foreign currency | **87.60** | (63.70) |
| | **Cash and cash equivalents at the end of the year [Refer Note 11]** | **4,665.24** | 3,984.31 |

See accompanying notes to the financial statements

In terms of our report attached
for **M. Bhaskara Rao & Co.**
Chartered Accountants
Firm Registration No.000459S

for and on behalf of the Board of
**Satyam Venture Engineering Services Private** Limited
CIN: U72200TG2000PTC033213

**K.S.Mahidhar**
Partner
Membership No.220881

**B. K. Mishra**
Director
DIN: 09163831

**V.Venkata Kumar** Raju
Director
DIN: 02958816

**Rao.S.Vadlamudi**
CEO

**Srinivas R**
CFO

**Aradhana R.**
Company Secretary

Hyderabad, 20 April 2023

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2023

All amounts are Rupees in lakhs unless otherwise stated

## A. Equity Share Capital

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Issued and paid up equity share capital** | | |
| Balance at the beginning of the current reporting period | **708.90** | 708.90 |
| Changes in Equity Share Capital due to prior period errors | **-** | - |
| Restated balance at the beginning of the current reporting period | **708.90** | 708.90 |
| Changes in equity share capital during the current year | **-** | - |
| **Balance at the end of the current reporting period** | **708.90** | 708.90 |

## B. Other Equity

| Particulars | Reserves & Surplus | | | Items of other comprehensive income / (loss) | | | Total |
|---|---|---|---|---|---|---|---|
| | General Reserve | Statutory Reserve | Retained earnings | Remeasurement of defined benefit plan | Exchange differences in translating the financial statements of foreign operations | Cash Flow Hedge Reserve | |
| **Balance as at 31 March 2021** | **12.50** | **-** | **28,870.07** | **248.95** | **128.70** | **7.66** | **29,267.88** |
| Profit for the year | - | - | 3,896.65 | - | - | - | 3,896.65 |
| Other Comprehensive Income (net of tax) | - | - | - | 106.49 | 46.36 | 50.35 | 203.20 |
| **Total comprehensive income for the year** | **-** | **-** | **3,896.65** | **106.49** | **46.36** | **50.35** | **4,099.85** |
| Transfer to / from during the year | | 30.19 | (30.19) | | | | - |
| **Balance as at 31 March 2022** | **12.50** | **30.19** | **32,736.53** | **355.44** | **175.06** | **58.01** | **33,367.73** |
| Profit for the period | - | - | 3,784.25 | - | - | - | 3,784.25 |
| Other Comprehensive Income (net of tax) | - | - | - | 50.85 | 27.31 | (57.57) | 20.59 |
| **Total comprehensive income for** the year | - | - | 3,784.25 | 50.85 | 27.31 | (57.57) | 3,804.84 |
| Transfer to / from during the period | | - | - | | | | - |
| **Balance as at 31 March 2023** | 12.50 | 30.19 | 36,520.78 | 406.29 | 202.37 | 0.44 | 37,172.57 |

See accompanying notes to the financial statements

In terms of our report attached
for **M. Bhaskara Rao & Co.**
Chartered Accountants
Firm Registration No.000459S

for and on behalf of the Board of
**Satyam Venture Engineering Services Private** Limited
CIN: U72200TG2000PTC033213

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Membership No.220881

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Director
DIN: 02958816

**Rao.S.Vadlamudi**
CEO

**Srinivas R**
CFO

**Aradhana R.**
Company Secretary

Hyderabad, 20 April 2023

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

All amounts are Rupees in lakhs unless otherwise stated

**1. Corporate Information**

Satyam Venture Engineering Services Private Limited ("the Company") was incorporated in March 2000 as a 50:50 joint venture between erstwhile Satyam Computer Services Limited (SCSL) and Venture Global Engineering LLC. SCSL was merged with Tech Mahindra Limited in the year 2013,consequent to a scheme of amalgamation and arrangement as approved by the Hon'ble High Court of Judicature Andhra Pradesh and Hon'ble High Court of Bombay.

The Company provides engineering services such as product design, tool design and computer aided engineering simulation services to automotive industry across the globe, through its Indian operations and through its foreign branches in USA, Germany, Canada, United Kingdom,Japan and Mexico.

The Consolidated financial statements reflect the results of its operations carried on by Indian operations, overseas branches and its subsidiaries incorporated in China and Germany, collectively referred to as the “Group”.

The financial statements for the year ended 31 March 2023 were approved by the Board of Directors and authorised to issue on 20 April 2023.

**2. Significant accounting policies:**

**2.1 Statement of Compliance:**

The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and amendments issued thereafter.

**2.2 Basis for preparation of financial statements:**

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India on accrual basis under the historical cost convention, except for certain financial instruments which are measured at fair value. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purpose in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

**2.3 Basis of Consolidation:**

The Company consolidates all entities which are controlled by it.

The Company establishes control when; it has power over the entity, is exposed or has rights to variable returns from its involvement with the entity and has ability to affect the entity's returns by using its power over the entity.

Subsidiaries are consolidated from the date control commences until the date control ceases.

The results of subsidiaries acquired, or sold, during the year are consolidated from the effective date of acquisition and up to the effective date of disposal, as appropriate.

All inter-company transactions, balances and income and expenses are eliminated in full on consolidation.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interests and the non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

**2.4 Use of Estimates:**

The preparation of financial statements requires the management of the Group to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the financial statements.

**2.5 Property, Plant & Equipment and Other Intangible assets:**

Property, Plant & Equipment and Other intangible assets are stated at actual cost less accumulated depreciation/ amorisation and net of impairment. The actual cost capitalised includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage.

Depreciation / amortization of Property, Plant & Equipment and Other Intangible assets:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation / amortisation on Property, Plant & Equipment and other intangible assets including assets taken on lease, other than freehold land is charged based on straight line method on an estimated useful life as assessed based on technical advice, considering the nature of the asset, estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

| | |
|---|---|
| Plant and Machinery (including Computers) | 3 years |
| Office Equipment | 3 years |
| Furniture, Fixtures and Interiors | 3 years |
| Vehicles | 3 years |
| Intangible Assets – Software | License period or 3 years whichever is lower |

The estimated useful lives and residual values of the tangible and intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

**2.6 Leases:**

The Group evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

The Group as a lessee :

The Parent and its subsidiaries assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves:

(a) the use of an identified asset,

(b) the right to obtain substantially all the economic benefits from use of the identified asset, and

(c) the right to direct the use of the identified asset.

The Group at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right- of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

The Group applies Ind AS 36 to determine whether a RoU asset is impaired and accounts for any identified impairment loss as described in the impairment of non-financial assets.

For lease liabilities at inception, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

The Group recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognizes any remaining amount of the re-measurement in statement of profit and loss.

For short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

**2.7 Impairment of Assets:**

**i) Financial assets**

Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Impairment loss on financial assets carried at amortised cost is measured at the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate. In a subsequent period, if the amount of impairment loss decreases and the decreases can be related objectively to an event, the previously recognised impairment is reversed through profit or loss.

**ii) Non-financial assets**

Property, Plant & Equipment and Other Intangible assets

Property, Plant and Equipment and Other intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss

**2.8 Revenue recognition:**

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customers for services are either on a time bound fixed price or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue. Revenue from fixed-price, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

In arrangements for engineering services with customers, the company has applied the guidance in Ind AS 115, Revenue from contract with customer, by applying the revenue recognition criteria for each distinct performance obligation. The arrangements with customers generally meet the criteria for considering engineering services and other related services as distinct performance obligations. For allocating the transaction price, the company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the company is unable to determine the standalone selling price, the company uses the expected cost plus margin approach in estimating the standalone selling price.

For time and material related services, the performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

The company accounts for volume discounts and pricing incentives, if any, to customers as a reduction of revenue based on the rateable allocation of the discounts/ incentives amount to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

Deferred contract costs are incremental costs of obtaining a contract which are recognized as assets and amortized over the term of the contract.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

The Company presents revenues net of indirect taxes in its statement of Profit and loss.

The company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time .

Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones

Invoicing in excess of earnings are classified as unearned revenue

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

**2.9 Foreign currency transactions:**

The functional currency of the Company and its Indian subsidiaries is Indian Rupees (INR) whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile.

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the date of the Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the profit or loss.

**2.10 Foreign Operations:**

For the purpose of these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising on translation are recognised in other comprehensive income and accumulated in equity.

**2.11 Financial Instruments**

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

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.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss.

**i) Non-derivative financial instruments**

Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

**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.

**Financial assets at fair value**

Financial asset not measured at amortised cost is carried at fair value through profit or loss (FVTPL) on initial recognition, unless the company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income.

The Group, on initial application of IND AS 109 Financial Instruments, has made an irrevocable election to present in other comprehensive income subsequent changes in fair value of equity instruments not held for trading.

Financial asset at FVTPL are measured at fair values at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss

**Financial liabilities**

Financial liabilities at fair value through profit and loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit and 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.

**ii) Derivative financial instruments and hedge accounting**

The Company uses foreign currency forward contracts / options to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. The Company designates some of these forward contracts / options as hedge instruments and account for as cash flow hedges applying the recognition and measurement principles set out in the Ind AS 109.

The use of foreign currency forward contracts / options is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy. The counter party to the Company's foreign currency forward contracts is generally a bank. The Company does not use derivative financial instruments for speculative purposes.

Foreign currency forward contract/ option derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in other comprehensive income and accumulated under effective portion of cash flow hedges and the ineffective portion is recognised immediately in the Statement of Profit and Loss.

Amounts previously recognised in other comprehensive income and accumulated in effective portion of cash flow hedges are reclassified to the Statement of Profit or Loss in the same period in which gains/ losses on the item hedged are recognised in the Statement of Profit or Loss. However when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in effective portion of cash flow hedges are transferred from effective portion of cash flow hedges and included in the initial measurement of the cost of the nonfinancial asset or non-financial liability.

Profit or loss arising on cancellation or renewal of a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal occurs. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the Statement of Profit and Loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Cumulative gain or loss on the hedging instrument classified in effective portion of cash flow hedges is retained there and is classified to Statement of Profit and Loss when the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in effective portion of cash flow hedges is transferred to the Statement of Profit and Loss for the period.

**iii) Derecognition of financial instruments**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged,cancelled or have expired.

**2.12 Employee Benefits:**

**a) Gratuity:**

The Group accounts for its gratuity liability, a defined retirement benefit plan covering eligible employees. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's salary and the tenure of the employment. Liabilities with regard to a Gratuity plan are determined based on the actuarial valuation carried out by an independent actuary as at the Balance Sheet date using the Projected Unit Credit method for the Company and its Indian subsidiaries.

Actuarial gains and losses are recognised in full in other comprehensive income and accumulated in equity in the period in which they occur.

**b) Provident fund:**

The eligible employees of the Company and its Indian subsidiaries are entitled to receive the benefits of Provident fund, a defined contribution plan, in which both employees and the Company and its Indian subsidiaries make monthly contributions at a specified percentage of the covered employees' salary which are charged to the Statement of Profit and Loss on accrual basis. The provident fund contributions are paid to the Regional Provident Fund Commissioner by the Company and its Indian subsidiaries.

The Company and its Indian subsidiaries has no further obligations for future provident fund and superannuation fund benefits other than its annual contributions.

**c) Compensated absences:**

The Group provides for the encashment of leave subject to Group's rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is provided based on the number of days of unavailed leave at each Balance Sheet date on the basis of an independent actuarial valuation using the Projected Unit Credit method for the Company and its Indian subsidiaries, whereas provision for encashment of unavailed leave on retirement is made on actual basis for foreign subsidiaries. The Company does not expect the difference on account of varying methods to be material.

The liability which is not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised based on actuarial valuation as at the Balance Sheet date.

Actuarial gains and losses are recognised in full in the Statement of Profit and Loss in the period in which they occur.

The Group also offers a short term benefit in the form of encashment of unavailed accumulated compensated absence above certain limit for all of its employees and same is being provided for in the books at actual cost.

**d) Other short term employee benefits:**

Other short-term employee benefits such as overseas social security contributions and performance incentives expected to be paid in exchange for the services rendered by employees, are recognised during the period when the employee renders the service.

**2.13 Taxation:**

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the local tax laws existing in the respective countries.

**Deferred income taxes**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, 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 profit or loss at the time of the transaction.

Deferred income tax assets are recognised to the extent that 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 utilised.

Deferred income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries 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 utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

The Group recognises interest levied and penalties related to income tax assessments in income tax expenses.

**2.14 Earnings per Share:**

Basic earnings/ (loss) per share are calculated by dividing the net profit / (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued if any, during the year and also after the Balance Sheet date but before the date the financial statements are approved by the Board of Directors.

For the purpose of calculating diluted earnings / (loss) per share, the net profit / (loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed to be converted as of the beginning of the period, unless issued at a later date.

**2.15 Provision, Contingent Liabilities and Contingent Assets:**

A provision is recognized 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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Liabilities and Contingent Assets are not recognized in the financial statements.

**2.16 Critical judgements in applying accounting policies:**

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statement.

Key sources of estimation uncertainty:

The following are the key assumptions concerning the future , and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

Useful lives of property, plant and equipment:

The company reviews the estimated useful lives of property plant and equipment at the end of each reporting period. During the current year, there has been no change in life considered for the assets.

Fair value measurements and valuation processes:

Some of the Company's assets and liabilities are measured at fair value for the financial reporting purposes.

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1inputs are not available, the Company engages third party qualified valuers to perform the valuation . Finance team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Executive Officer reports to the board of fluctuations in the fair value of the assets and liabilities.

**Provision for doubtful receivables:**

The Company has adopted expected credit loss model for provisioning of receivables,apart from this the company also monitors long outstanding balances and make additional provision where required.

Provision for employee benefits:

The Company uses actuarial assumptions to determine the obligations for employee benefits at each reporting period . These assumptions include the discount rate, expected long-term rate of return on plan assets, rate of increase in compensation levels and mortality rates.

Provision for taxes:

Significant judgments are required in determining the provision for income taxes, including the amount expected to be paid/ recovered for uncertain tax positions.

**3. Recent accounting pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

**Ind AS 1 - Presentation of Financial Statements**

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and the impact of the amendment is insignificant in the Group's financial statements.

**Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors**

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and there is no impact on its consolidated financial statements.

**Ind AS 12 - Income Taxes**

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and there is no impact on its consolidated financial statement.

**4. Property, Plant and Equipment**

| | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|
| **Carrying amounts of** | | |
| Plant and Equipment | **444.09** | 509.75 |
| Office Equipments | **30.25** | 40.50 |
| Furniture and Fixtures | **3.08** | 4.22 |
| Vehicles | **-** | 8.77 |
| | **477.42** | 563.24 |

**5. Other Intangible assets**

| | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|
| **Carrying amounts of:** | | |
| Computer Software | **202.17** | 387.93 |
| (other than internally generated) | | |
| | **202.17** | 387.93 |

## 4A Property, Plant and Equipment

| | Gross Block (At Cost) | | | | | Depreciation / Amortisation | | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2022 | Additions | Deletion / Adjustment | Effect of Foreign Currency Exchange Differences | Balance as at 31 March 2023 | Upto 01 April 2022 | For the year | Deletion / Adjustment | Effect of Foreign Currency Exchange Differences | Upto 31 March 2023 | As at 31 March 2023 |
| **Property, Plant and Equipment** | | | | | | | | | | | |
| Plant and Machinery | 2,793.91 | 253.27 | 32.05 | -0.03 | 3,015.11 | 2,284.16 | 293.97 | 7.22 | -0.11 | 2,571.02 | 444.09 |
| Office Equipment | 443.36 | 26.19 | 12.05 | -0.56 | 456.93 | 402.86 | 24.10 | 0.28 | - | 426.68 | 30.25 |
| Furniture, Fixtures & Interiors | 374.96 | 0.19 | 8.53 | - | 366.62 | 370.73 | 0.46 | 7.64 | - | 363.55 | 3.08 |
| Vehicles | 53.37 | - | 0.86 | - | 52.51 | 44.60 | 8.34 | 0.44 | - | 52.51 | - |
| **Total** | **3,665.60** | **279.65** | **53.49** | **-0.59** | **3,891.17** | **3,102.35** | **326.87** | **15.58** | **-0.11** | **3,413.75** | **477.42** |

| | Gross Block (At Cost) | | | | | Depreciation / Amortisation | | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2021 | Additions | Deletion / Adjustment | Effect of Foreign Currency Exchange Differences | Balance as at 31 March 2022 | Upto 01 April 2021 | For the year | Deletion / Adjustment | Effect of Foreign Currency Exchange Differences | Upto 31 March 2022 | As at 31 March 2022 |
| **Property, Plant and Equipment** | | | | | | | | | | | |
| Plant and Machinery | 2,458.27 | 338.44 | 2.80 | - | 2,793.91 | 1,939.99 | 346.31 | 2.80 | -0.65 | 2,284.16 | 509.75 |
| Office Equipment | 417.88 | 26.08 | 0.60 | - | 443.36 | 366.81 | 36.65 | 0.60 | - | 402.86 | 40.50 |
| Furniture, Fixtures & Interiors | 383.31 | 1.63 | 9.99 | - | 374.96 | 341.67 | 39.11 | 10.05 | - | 370.73 | 4.23 |
| Vehicles | 53.37 | - | - | - | 53.37 | 33.17 | 11.43 | - | - | 44.60 | 8.77 |
| **Total** | **3,312.83** | **366.15** | **13.39** | **-** | **3,665.60** | **2,681.64** | **433.51** | **13.45** | **-0.65** | **3,102.35** | **563.24** |

## 4A Property, Plant and Equipment

| | Gross Block (At Cost) | | | | | Depreciation / Amortisation | | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2022 | Additions | Deletion / Adjustment | Effect of Foreign Currency Exchange Differences | Balance as at 31 March 2023 | Upto 01 April 2022 | For the year | Deletion / Adjustment | Effect of Foreign Currency Exchange Differences | Upto 31 March 2023 | As at 31 March 2023 |
| Software | 5,166.50 | 65.44 | - | - | 5,231.94 | 4,778.57 | 251.20 | - | - | 5,029.77 | 202.17 |
| **Total** | **5,166.50** | **65.44** | **-** | **-** | **5,231.94** | **4,778.57** | **251.20** | **-** | **-** | **5,029.77** | **202.17** |

| | Gross Block (At Cost) | | | | | Depreciation / Amortisation | | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2021 | Additions | Deletion / Adjustment | Effect of Foreign Currency Exchange Differences | Balance as at 31 March 2022 | Upto 01 April 2021 | For the year | Deletion / Adjustment | Effect of Foreign Currency Exchange Differences | Upto 31 March 2022 | As at 31 March 2022 |
| Software | 4,997.25 | 169.26 | - | - | 5,166.50 | 4,399.64 | 378.93 | - | - | 4,778.57 | 387.93 |
| **Total** | **4,997.25** | **169.26** | **-** | **-** | **5,166.50** | **4,399.64** | **378.93** | **-** | **-** | **4,778.57** | **387.93** |

**6. Other Financial Assets measured at Amortised Cost**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **I. Non-Current** | | |
| (Unsecured, considered good) | | |
| Other bank balances - in deposit accounts | **4,703.50** | 3,499.54 |
| Security Deposits [Refer note 6.2] | **362.54** | 351.42 |
| Foreign Currency Derivative Assets | **1.40** | 38.96 |
| **Total** | **5,067.43** | 3,889.92 |
| **II. Current** | | |
| (Unsecured, considered good) | | |
| Unbilled revenue [Refer note 6.1] | **2,796.92** | 3,561.33 |
| Interest Receivable on deposits | **411.79** | 263.54 |
| Foreign currency Derivative Assets | **37.73** | 38.64 |
| **Total** | **3,246.44** | 3,863.51 |

**Unbilled revenue from:**

**6.1 Other Financial Assets measured at Amortised Cost**

| | | As at 31 March 2022 | As at 31 March 2022 |
|---|---|---|---|
| (a) | Related parties [Refer note 31] | **1,311.54** | 513.56 |
| (b) | Others | **1,485.38** | 3,047.77 |
| | | **2,796.92** | 3,561.33 |

**6.2** Include deposit of ₹67.83 Lakhs [31 March 2022 : ₹67.83 Lakhs] with CGITCLC and ₹58.24 Lakhs [31 March 2022: ₹58.24 Lakhs] with CESTAT in respect of the ongoing disputes [Refer note 27A(ii) & (iv)]

**6.3 Ageing of unbilled revenue**

| | | As on 31 March 2023 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | **Not Due** | **Less than 6 months** | **6 months – 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| | **Undisputed unbilled revenue** | | | | | | | |
| a) | - considered good | 1,684.07 | 1,112.85 | - | - | - | - | 2,796.92 |
| b) | - which have significant increase in credit risk | - | - | - | - | - | - | - |
| c) | - credit impaired | - | - | - | - | - | - | - |
| | **Disputed unbilled revenue** | | | | | | | |
| d) | - considered good | - | - | - | - | - | - | - |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| e) | - | which have significant increase in credit risk | - | - | - | - | - | - | - |
| f) | - | credit impaired | - | - | - | - | - | - | - |

| | | | As on 31 March 2022 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | **Not Due** | **Less than 6 months** | **6 months – 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| | **Undisputed unbilled revenue** | | | | | | | | |
| a) | - | considered good | - | 3,554.38 | 6.95 | - | - | - | 3,561.33 |
| b) | - | which have significant increase in credit risk | - | - | - | - | - | - | - |
| c) | - | credit impaired | - | - | - | - | - | - | - |
| | **Disputed unbilled revenue** | | | | | | | | |
| d) | - | considered good | - | - | - | - | - | - | - |
| e) | - | which have significant increase in credit risk | - | - | - | - | - | - | - |
| f) | - | credit impaired | - | - | - | - | - | - | - |

**7. Deferred tax assets (Net)**

| | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|
| **I. Non-Current** | | |
| Deferred tax assets | **654.48** | 660.39 |
| Deferred tax liabilities | **(364.91)** | (255.47) |
| | **289.57** | 404.91 |

**7.1 The tax effect of significant temporary differences that has resulted in deferred tax assets are given below:**

**a) For the year ended 31 March 2023**

| | **PPE and Intangible assets** | **Provision for doubtful debts** | **Provision for defined benefit obligations** | **ICDS Adjustments: Interest on Income Tax** | **Cash Flow Hedging Reserve** | **Fair value gain on Mutual funds** | **Exchange difference in translating the financial statements of foreign operations** | **Total** |
|---|---|---|---|---|---|---|---|---|
| **Opening balance** | 250.75 | (0.40) | 403.33 | (99.19) | (19.52) | (136.77) | 6.71 | 404.91 |
| Recognised in profit or loss | (6.58) | 14.42 | 10.05 | - | - | (128.79) | (6.71) | (117.60) |
| Recognised in other comprehensive income | - | - | (17.10) | | 19.36 | - | | 2.26 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Reclassified from equity to profit or loss | - | - | - | - | - | - | - | - |
| **Closing Balance** | **244.17** | **14.02** | **396.28** | **(99.19)** | **(0.16)** | **(265.56)** | **0.00** | **289.57** |

**a) For the year ended 31 March 2022**

| | PPE and Intangible assets | Provision for doubtful debts | Provision for defined benefit obligations | ICDS Adjustments: Interest on Income Tax | Cash Flow Hedging Reserve | Fair value gain on Mutual funds | Exchange difference in translating the financial statements of foreign operations | Total |
|---|---|---|---|---|---|---|---|---|
| **Opening balance** | 243.29 | - | 418.13 | (99.19) | (2.58) | (159.21) | 6.71 | 407.15 |
| Recognised in profit or loss | 7.47 | (0.40) | 21.01 | - | - | 22.44 | | 50.52 |
| Recognised in other comprehensive income | - | - | (35.82) | | (16.94) | - | - | (52.75) |
| Reclassified from equity to profit or loss | | - | - | - | - | - | - | - |
| **Closing Balance** | **250.75** | **(0.40)** | **403.33** | **(99.19)** | **(19.51)** | **(136.77)** | **6.71** | **404.91** |

## 8. Investments

| | | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|---|
| | | **Units** | **Amount** | Units | Amount |
| **I** | **Current Investments** | | | | |
| **A** | **Investment in Mutual Funds - quoted** | | | | |
| | (at fair value) | | | | |
| | ICICI Prudential Savings Fund - DP Growth | **625749** | **2,894.67** | 681148 | 2,981.48 |
| | Mahindra Manulife Liquid Fund Direct Growth | **-** | **-** | 186410 | 2,580.26 |
| | "HSBC Cash Fund Direct Growth Plan " | **116252** | **2,606.53** | 111520 | 2,363.98 |
| | HSBC Ultra Short Duration Fund Direct Growth | **27822** | **323.75** | 27822 | 306.69 |
| | Kotak Liquid Fund Direct Plan Growth | **62884** | **2,860.23** | 60553 | 2,605.66 |
| | SBI Liquid Fund Direct Growth | **21920** | **772.31** | - | - |
| | HDFC Liquid DP Growth Option | **61316** | **2,712.14** | - | - |
| | | | **12,169.63** | | 10,838.06 |

| | | | |
|---|---|---|---|
| (a) | Aggregate amount of quoted investments and market value thereof; | 12,169.63 | 10,838.06 |
| (b) | Aggregate amount of unquoted investments | - | - |
| (c) | Aggregate amount of impairment in value of investments | - | - |

## 9. Non-current tax assets (net)

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Advance income tax | **6,383.56** | 6,048.36 |
| (net of provisions ₹15,922.26 Lakhs [31 March 2022: ₹14,565.23 Lakhs]) | | |
| **Total** | **6,383.56** | 6,048.36 |

**10. Trade receivables**

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| (a) | Considered good - Secured | **-** | - |
| (b) | Considered good - Unsecured | **7,636.72** | 6,673.73 |
| (c) | Receivables which have significant increase in credit risk | **-** | - |
| (d) | Credit impaired | **55.73** | 1.59 |
| | Less: provision for expected credit loss | **(55.73)** | (1.59) |
| | **Total** | **7,636.72** | 6,673.73 |

**10.1 Of the above, trade receivables from:**

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| (a) | Related parties [Refer note 31] | **2,487.88** | 1,709.08 |
| (b) | Others | **5,148.84** | 4,964.65 |
| | **Total** | **7,636.72** | 6,673.73 |

**10.2** Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of statement of financial position whether a financial asset or a group of financial assets is impaired. The Company recognises lifetime expected losses for trade receivables (other than receivables from related parties) that do not constitute a financing transaction. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. Before accepting any new customer, the Company assesses the potential customer's credit quality.

The Average credit period on Sale of Services 60 days .

**10.3 Age of Trade Receivables**

| | | Outstanding for following periods from due date of payment as on 31 March 2023 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | **Not Due** | **Less than 6 months** | **6 months – 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| | **Undisputed trade receivables** | | | | | | | |
| (a) | - considered good | 6,037.10 | 1,468.60 | 131.02 | - | - | - | 7,636.72 |
| (b) | - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (c) | - credit impaired | - | - | - | 55.73 | - | - | 55.73 |
| | **Disputed trade receivables** | | | | | | | |
| (d) | - considered good | - | - | - | - | - | - | - |
| (e) | - which have significant increase in credit risk | - | - | - | - | - | - | - |
| (f) | - credit impaired | - | - | - | - | - | - | - |

| | | | Outstanding for following periods from due date of payment as on 31 March 2022 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | **Not Due** | **Less than 6 months** | **6 months – 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| | | **Undisputed trade receivables** | | | | | | | |
| (a) | - | considered good | 5,840.55 | 731.53 | 85.25 | 16.40 | - | - | 6,673.73 |
| (b) | - | which have significant increase in credit risk | - | - | - | - | - | - | - |
| (c) | - | credit impaired | - | - | - | - | - | - | - |
| | | **Disputed trade receivables** | | | | | | | |
| (d) | - | considered good | - | - | - | - | - | - | - |
| (e) | - | which have significant increase in credit risk | - | - | - | - | - | - | - |
| (f) | - | credit impaired | - | - | - | - | - | - | - |

**10.4 Classification of trade receivables**

| | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|
| Non-Current | **-** | - |
| Current | **7,636.72** | 6,673.73 |
| **Total** | **7,636.72** | 6,673.73 |

**10.5 Movement in the allowance for expected credit loss**

| | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|
| Balance at the beginning of the year | **1.59** | - |
| Add: Allowance for expected credit loss | **54.14** | 6.08 |
| Less: Provision write back | **-** | - |
| Less: Receivables written off | **-** | 4.49 |
| Balance at the end of the period | **55.73** | 1.59 |

## 11. Cash and cash equivalents

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Balances with Banks** | | |
| (a) with Scheduled banks | | |
| in Current account | **781.15** | 852.99 |
| in Deposit account | **1,297.00** | 1,212.00 |
| (b) with Other banks | | |
| in Current account | **2,587.09** | 1,919.33 |
| **Total** | **4,665.24** | 3,984.32 |

## 12. Other Bank Balances

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Balances with Banks | | |
| with Scheduled banks | | |
| in Deposit account | **6,183.33** | 6,119.54 |
| **Total** | **6,183.33** | 6,119.54 |

## 13. Other assets

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **I. Current** | | |
| (Unsecured, considered good) | | |
| Prepaid expenses | **515.01** | 646.03 |
| Loans and Advances to Employees | **143.15** | 181.12 |
| Balance with government authorities | **775.73** | 340.16 |
| Contract assets | **4.10** | 30.74 |
| Others | **67.48** | 33.18 |
| **Total** | **1,505.47** | 1,231.22 |

## 13.1 Of the above, Other assets from:

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| (a) Related parties [Refer note 31] | **-** | 0.83 |
| (b) Others | **1,505.47** | 1,230.39 |
| | **1,505.47** | 1,231.22 |

## 14. Equity share capital

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | Number of Shares | Amount | Number of Shares | Amount |
| **Authorised Share Capital** | | | | |
| Equity share capital of ₹10 each | **7,500,000** | **750.00** | 7,500,000 | 750.00 |
| **Issued, Subscribed and Fully Paid up** | | | | |
| Equity share capital of ₹10 each | **7,088,960** | **708.90** | 7,088,960 | 708.90 |

**14.1 Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting period.**

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | Number of Shares | Amount | Number of Shares | Amount |
| **Equity share capital of ₹10 each** | | | | |
| Balance as at beginning of the year | **7,088,960** | **708.90** | 7,088,960 | 708.90 |
| Issued during the year | **-** | **-** | - | - |
| **Balance as at end of the year** | **7,088,960** | **708.90** | **7,088,960** | **708.90** |

**14.2 Shares held by holding/ultimate holding Company and/or their subsidiaries/associates**

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | Number of Shares | Amount | Number of Shares | Amount |
| **Equity shares of ₹10 each fully paid held by** | | | | |
| Tech Mahindra Limited | **3,544,480** | **354.45** | 3,544,480 | 354.45 |
| Venture Global Engineering Services LLC | **3,544,480** | **354.45** | 3,544,480 | 354.45 |

**14.4 Details of shares held by promoters**

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | Number of Shares | Amount | Number of Shares | Amount |
| **Equity shares of ₹10 each fully paid held by** | | | | |
| Tech Mahindra Limited | **3,544,480** | **50%** | - | 354.45 |
| Venture Global Engineering Services LLC | **3,544,480** | **50%** | - | 354.45 |

**14.5 Rights, preferences and restrictions attached to equity shares**

The Company has only one class of shares referred to as equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The percentage of shareholding shall be maintained as set out in Article 4 of Articles of Association and the fresh issue to be offered to both the shareholders in proportion to their shareholding. Any shares not accepted shall in the first instance be offered to the other remaining member and affiliates nominated by thereof.

**15. Other equity**

| | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|
| General Reserve | **12.50** | 12.50 |
| Statutory Reserve | **30.19** | 30.19 |
| Retained Earnings | **36,520.78** | 32,736.53 |
| Other Components of Equity | | |
| Remeasurement of the defined benefits plans | **406.30** | 355.45 |
| Exchange difference in translating the financial statements of foreign operations (Net of tax) | **202.37** | 175.06 |
| Cash Flow Hedging Reserve (Net of tax) | **0.44** | 58.01 |
| **Total** | **37,172.58** | 33,367.74 |

| | | | |
|---|---|---|---|
| **15.1** | **General Reserve [Refer note 15.5]** | | |
| | Balance at beginning of year | **12.50** | 12.50 |
| | Movement during the year | **-** | - |
| | Balance at end of year | **12.50** | 12.50 |
| **15.2** | **Statutory Reserve [Refer note 15.6]** | | |
| | Balance at beginning of year | **30.19** | 30.19 |
| | Movement during the year | **-** | - |
| | **Balance at end of year** | **30.19** | 30.19 |
| **15.3** | **Retained Earnings [Refer note 15.7]** | | |
| | Balance at beginning of year | **32,736.53** | 28,870.07 |
| | Profit attributable to owners of the Company | **3,784.25** | 3,896.65 |
| | Transferred to Statutory Reserve | **-** | (30.19) |
| | **Balance at end of year** | **36,520.78** | 32,736.53 |
| **15.4** | **Other Components of Equity** | | |
| **a)** | **Remeasurement of the defined benefits plans [Refer note 15.8]** | | |
| | Opening balance | **355.45** | 248.96 |
| | Movement during the year (Net of tax) | **50.85** | 106.49 |
| | **Balance at end of year** | **406.30** | 355.45 |
| **b)** | **Exchange difference in translating the financial statements of foreign operations [Refer note 15.9]** | | |
| | Opening balance | **175.06** | 128.70 |
| | Movement during the year (Net of tax) | **27.31** | 46.36 |
| | **Balance at end of year** | **202.37** | 175.06 |
| **c)** | **Cash Flow Hedging Reserve [Refer note 15.10]** | | |
| | Opening balance | **58.01** | 7.66 |
| | Movement during the year (Net of tax) | **(57.57)** | 50.35 |
| | **Balance at end of year** | **0.44** | 58.01 |

**15.5** The Company has transferred the amount from capital reserve upon fulfilment of the contribution attached to the investment subsidy received in earlier years.

**15.6** The Statutory Reserve is created out of retained earnings as a prerequisite to distribute dividend to a foreign shareholder as per the requirement of local laws of Republic of China.

**15.7** Retained earning represents the Company's undistributed earnings after taxes.

**15.8** It represents the actuarial gain / (loss) recognised on the defined benefit plan and will not be reclassified to retained earnings.

**15.9** It represents the exchange difference accumulated when the foreign operations financial statements are converted from their functional currency to presentation currency of the Company.

**15.10** It represents accumulated effective portion of changes in fair value of the derivative and will be transferred to statement of Profit and Loss upon occurance of related forcasted transaction.

**16. Provisions**

| | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|
| **I. Non-Current** | | |
| Provision for Employee Benefits | | |
| Compensated Absences | **273.98** | 282.10 |
| Gratuity | **1,010.54** | 1,037.13 |
| **Total** | **1,284.51** | 1,319.23 |
| **II Current** | | |
| Provision for Employee Benefits | | |
| Compensated Absences | **97.04** | 120.11 |
| Gratuity | **215.21** | 219.47 |
| Provision for Contingencies [Refer note 27.2] | **5,291.42** | 5,291.42 |
| **Total** | **5,603.67** | 5,631.00 |

**17. Trade Payables**

| | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|
| Amounts due to micro and small enterprises [Refer note 17.3] | **3.02** | 3.86 |
| Others | **728.44** | 665.47 |
| **Total** | **731.46** | 669.33 |

**17.2 Ageing of Trade Payables**

| | **Outstanding for following periods from due date of payment as on 31 March 2023** | | | | | |
|---|---|---|---|---|---|---|
| | **Not Due** | **Less than 1 Year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| MSME | 2.31 | 0.71 | - | - | - | 3.02 |
| Others | 686.57 | 41.09 | 0.77 | - | - | 728.44 |
| Disputed dues - MSME | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | - | - |

| | Outstanding for following periods from due date of payment as on 31 March 2022 | | | | | |
|---|---|---|---|---|---|---|
| | **Not Due** | **Less than 1 Year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| MSME | - | 3.86 | - | - | - | 3.86 |
| Others | 622.75 | 37.17 | - | 5.55 | - | 665.47 |
| Disputed dues - MSME | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | - | - |

**17.3** The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the MSMED Act, 2006) claiming their status as micro or small enterprises. Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by management and the required disclosures are given below:

| | | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|---|
| a) | Principal amount remaining unpaid | **3.02** | 3.86 |
| b) | Interest due thereon | **Nil** | Nil |
| c) | Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year. | **Nil** | Nil |
| d) | Interest due and payable for the period of delay in making payment (which have been paid but beyond the day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006. | **Nil** | Nil |
| e) | Interest accrued and remaining unpaid | **Nil** | Nil |
| f) | Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises. | **Nil** | Nil |

## 18. Other Financial Liabilities

| | | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|---|
| **I** | **Non-Current** | | |
| | Foreign Currency Derivatives Liabilities | **22.15** | 0.08 |
| | | **22.15** | 0.08 |
| **II** | **Current** | | |
| | Dues for Capital assets | **34.00** | 7.82 |
| | Foreign currency Derivative Liabilities | **16.38** | - |
| | Accrued Salaries and Benefits | **536.73** | 662.89 |
| | **Total** | **587.12** | 670.71 |

## 19. Other Current Liabilities

| | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|
| Statutory payables | **520.61** | 601.70 |
| **Total** | **520.61** | 601.70 |

**20. Current tax liabilities**

| | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|
| Income tax payables | **1,195.99** | 1,036.05 |
| (net of advance tax ₹3,574.33 Lakhs [31 March 2022 ₹3,686.26 Lakhs]) | | |
| **Total** | **1,195.99** | 1,036.05 |

**21. Income from operations**

| | **Year ended 31 March 2023** | Year ended 31 March 2022 |
|---|---|---|
| Income from Services | | |
| - export of services | **23,451.88** | 22,950.27 |
| - domestic services | **11,708.47** | 12,338.36 |
| **Total** | **35,160.35** | 35,288.62 |

**22. Other income**

| | | |
|---|---|---|
| Interest Income | | |
| Deposits with Banks (at amortised cost) | **587.42** | 490.99 |
| Interest on Income Tax Refund | **0.50** | 0.11 |
| Net Gain / (Loss) on sale of investments | **15.88** | 42.56 |
| Profit on sale of assets (net) | **5.26** | 1.57 |
| Forex gain/loss | **337.46** | - |
| Fair value measurements | **624.23** | 319.89 |
| Liability/Provisions no longer required written back | **0.08** | - |
| Miscellaneous Income | **51.18** | 125.78 |
| **Total** | **1,622.01** | 980.90 |

**23. Employee benefits expense**

| | | |
|---|---|---|
| Salaries and Wages | **24,971.80** | 24,433.16 |
| Contribution to Provident and Other Funds | **415.86** | 409.07 |
| Gratuity | **222.82** | 274.23 |
| Staff Welfare | **232.89** | 105.55 |
| Total | **25,843.38** | 25,222.01 |

**24. Depreciation and amortisation expense**

| | | |
|---|---|---|
| On Property, Plant and Equipment | **326.87** | 433.51 |
| On Intangible Assets | **251.20** | 378.93 |
| | **578.07** | 812.43 |

**25. Other expenses**

| | | |
|---|---|---|
| Rent | **444.83** | 460.55 |
| Rates and taxes | **55.29** | 130.48 |
| Power and fuel | **135.54** | 114.01 |
| Travelling and Conveyance | **699.57** | 610.71 |
| Communication | **68.30** | 88.33 |
| Marketing expenses | **221.78** | 111.97 |
| Repair and Maintenance | **209.00** | 214.10 |
| Computer Hire Charges | **35.36** | 194.73 |
| Security Services | **56.55** | 51.09 |
| Recruitment, Training and Development | **127.64** | 95.58 |
| General Office Expenses | **11.93** | 6.97 |
| Legal and professional | **602.14** | 511.07 |
| Provision for doubtful debts | **54.14** | 6.08 |
| Bad Debts Written off | **-** | 4.49 |
| Less: Provision | **-** | (4.49) |
| Forex loss | **-** | 12.24 |
| Office Maintenance | **109.23** | 108.81 |
| Computer Maintenance | **1,508.31** | 1,418.29 |
| Auditors' Remuneration (Refer Note: 25.1) | **34.88** | 55.96 |
| Directors Sitting Fees | **7.25** | 7.10 |
| CSR Expenses | **65.00** | 66.00 |
| Bank Charges | **40.15** | 49.10 |
| Miscellaneous expenses | **178.16** | 164.96 |
| | **4,665.06** | 4,478.13 |

**25.1 Auditors' remuneration includes**

| | **Year ended 31 March 2023** | Year ended 31 March 2022 |
|---|---|---|
| for statutory audit | **16.00** | 13.50 |
| for quarterly audit | **3.00** | 3.00 |
| for tax audit | **3.50** | 3.50 |
| for taxation matters | **12.38** | 35.96 |
| | **34.88** | 55.96 |

**26 Income taxes relating to continuing operations**

**26.1 Income tax recognised in profit or loss**

| | **Year ended 31 March 2023** | Year ended 31 March 2022 |
|---|---|---|
| Current tax | | |
| In respect of the current year | **1,265.28** | 1,631.08 |
| In respect of the prior years | **189.46** | (1.64) |
| | **1,454.74** | 1,629.44 |
| Deferred tax | | |
| In respect of the current year | **117.60** | (50.52) |
| Deferred tax reclassified from equity to profit or loss | **-** | - |
| | **117.60** | (50.52) |

**26.2 Reconciliation of income tax expense for the period to the accounting profit is as follows:**

| | **Year ended 31 March 2023** | Year ended 31 March 2022 |
|---|---|---|
| Profit before tax from continuing operations | **5,356.59** | 5,475.57 |
| Income tax expense calculated at 25.168% | **1,348.15** | 1,378.09 |
| Effect of income that is exempt from tax | **(1.32)** | (0.40) |
| Effect of expenses that are not deductible in determining taxable profit | **(81.55)** | 253.39 |
| | **1,265.28** | 1,631.08 |
| Adjustment recognised in the current year in relation to the current tax of prior years | **189.46** | (1.64) |
| Income tax expense recognised in profit or loss (relating to continuing operations) | **1,454.74** | 1,629.44 |

**26.3 Income tax recognised in other comprehensive income**

| | **Year ended 31 March 2023** | Year ended 31 March 2022 |
|---|---|---|
| Deferred tax arising on income and expenses recognised in other comprehensive income | | |
| **A. Items that will not be recycled to profit or loss** | | |
| Remeasurements of the defined benefit liabilities / (asset) | **17.10** | 35.82 |
| | **17.10** | 35.82 |

**26.4** Current tax for the year ended 31 March 2023 includes tax expense with respect to foreign branches and Subsidaires amounting to ₹655.09 Lakhs [Year ended 31 March 2022: ₹800.83 Lakhs].

**26.5** The tax rate used for the above reconciliation is the rate as applicable for the respective period payable by corporate entities in India on taxable profits under the Indian income tax laws. Parent company has elected to claim benefit given under section 115BAA of Income tax Act,1961 and has applied tax rate of 22% for computation of current tax and deferred tax.

## 27. Contingent Liabilities and Commitments

| | | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| **A** | **Claims against the Company not acknowledged as debt** | | |
| i | Disputed income tax matters [Refer Note 27.1] | **2,562.05** | 2,739.65 |
| ii | Disputed service tax liability for which the Company preferred appeal | **947.19** | 947.19 |
| iii | Disputed interest liability on service tax for which the Company preferred appeal | **Not Ascertained** | Not Ascertained |
| iv | Demand from EPFO for which the Company preferred appeal | **193.79** | 193.79 |
| v | Others [Refer Note 27.2] | **31,661.00** | 28,253.90 |
| **B** | **Commitments** | | |
| | Estimated amount of contracts remaining to be executed on capital account and not provided for | **0.49** | 3.78 |

### 27.1 Disputed income tax matters

Assessment upto AY 2008-09 has been completed and necessary adjustments have been made to reflect reversal of tax provision created for these years and the advance tax in the financial statements.

For AY 2009-10, the TPO/AO passed consequential orders giving the relief per the ITAT order. However, new issue which was not part of original proceedings, relating to addition of Commission as transfer price adjustment, has led to a new demand. The issue relating to TP adjustment of commission had been decided in favour of the Company in earlier years and hence, no provision for tax is made in respect of the demand raised.

For AY 2010-11 and 2011-12 the Hon'ble ITAT remanded case back to the Transfer Pricing Officer for fresh adjudication which resulted in additional demand. For AY 2010-11 the demand related to transfer pricing adjustment relating to revenue from ITES, which was decided in favour of the Company for AY 2009-10, The demand relating to all the AYs from AY 2009-10 to AY 2014-15 is disclosed as part of contingent liability. For the AY 2011-2012 the demand related to TP adjustment on interest on delayed trade receivables. The Company had filed appeal before Hon’ble CIT for all the AYs.

For AY 2015-16 to 2017-18, the matters relate to TP adjustment of ITES and Interest, disallowance of reimbursement of expenses to certain residents and non-residents for non-deduction of TDS. The first issue was decided in favour of the Company and the second issue is remanded back. The consequential orders were passed accordingly. The appeals filed by the Company are pending with CIT(A) for these assessment years.

### 27.2 Contingent Liability - Others

The Company was promoted as 50:50 Joint Venture by Satyam Computer Services Ltd ("Satyam") and Venture Global Engineering LLC US ("Venture"). The joint venture partners entered into a Shareholders' Agreement (SHA) dated October 20, 1999 that provided for a royalty payment from the Company to both the joint venture partners in terms of a separate Royalty Agreement to be entered into between the Company and the joint venture partners. The Royalty Agreement was not entered into between the Company and the joint venture partners as envisaged in the SHA.

The Company and joint venture partners entered into separate Sales Commission Agreements that provided for payment of sales commission to the joint venture partners as per terms and conditions contained in the said agreements. In line with the provisions contained therein, the Company has been accruing and paying commission to its joint venture partners up to the year 2005-06.

During the year 2005-06, Satyam commenced arbitration proceedings against Venture in the London Court of International Arbitration ("LCIA") by invoking the arbitration clause in the SHA. Satyam's claims were upheld by the LCIA in its award dated April 2006 ("the Award"). Since then both the joint venture partners have raised numerous claims against each other resulting in multiple legal proceedings both in India and the USA that are still ongoing.

On January 7, 2009, the then Chairman of Satyam vide his letter addressed to then existing Board of Directors of Satyam, the stock exchanges and SEBI admitted to several financial irregularities in Satyam. Consequent to a global bidding process to take over the management of Satyam, M/s Venturbay Consultants Private Limited (the successful bidder) took over the management of Satyam.

Notwithstanding the dispute, the Company under its erstwhile management, continued to accrue the sales commission in its books. The newly reconstituted Board approved the accounts of the Company for the years 2008-09, 2009-10 and 2010-11, with continued accrual of sales commission. This was based on a view taken by the newly constituted Board that the matter is sub-judice that was corroborated by legal opinion and continued as prudent measure.

During the meetings held in 2011-12, the Board discussed the need to accrue the sales commission, as Venture did not render any services to the Company either during the year or during the past many years since the dispute. Further, in so far as the Company was concerned, Venture had not, till that point of time, claimed any amounts towards sales commission. The Board also took note of the fact (based on an updated legal opinion) that the issue of sales commission is not a disputed matter before the Courts either in India or in USA and not sub judice, as per original view.

Under the circumstances, the Board took the view on May 14, 2012 when the financial statements for the year ended March 31, 2012 was tabled for approval, that the accrual of sales commission from FY 05-06 to FY 10-11 of ₹3,594.07 be written back as other income in the Statement of Profit and Loss and the sales commission for the period from April 2011- December 2011 be reversed. However, as a prudent measure, the Board directed that the Company provide an amount of ₹5,291.42 Lakhs as a provision for contingency, covering the period from FY 05-06 to FY 11-12 which in its opinion would be adequate to cover any possible outflow that may arise in respect of the aforesaid matter and adjustments to the financial statements if any, to be made on final disposal of legal proceedings.

Subsequent to the adoption of accounts by the Board, the Company was served a suit filed by Venture before the City Civil Court, Secunderabad inter alia seeking a direction to the Company to pay sales commission that it was entitled to under the Shareholders Agreement. In the said suit, two ex-parte orders were passed by the City Civil Court , directing the Company, Venture and Satyam to maintain status quo with regard to transfer of 50% shares of Venture and with regard to taking major decisions which are prejudicial to interest of Venture . The Company has challenged the ex-parte orders of the City Civil Court Secunderabad, before the Hon'ble High Court of Andhra Pradesh ("the High Court").

In a related development, the City Civil Court, Hyderabad set aside the Award in January 2012, against which Satyam has filed an appeal before the High Court.

The High Court by its Judgement dated August 23, 2013 has allowed the appeals filed by the Company and set aside the ex-parte interim orders against the Company. The High Court has also set aside the Order of the City Civil Court, Hyderabad setting aside the Award and upheld the Award in favour of Satyam. The High Court as an interim measure ordered status quo with regard to transfer of shares, originally given by Supreme Court to be maintained for four (4) weeks which was extended for a further period of 3 weeks by High Court on 19th September, 2013

Venture filed an SLP before the Supreme Court of India which was heard by the Apex Court on 21st October, 2013 and Supreme Court as an interim measure ordered status quo with regard to transfer of shares. TechM has filed a Special leave Petition before the Supreme Court of India challenging the judgement of the High Court only on the limited issue as to whether the Civil Court has jurisdiction to entertain VGE’s challenge to the Award. The Hon’ble Bench of Supreme Court, in view of the difference of opinion by an order dated November 1, 2017 has directed the registry to place the SLP’s before the Chief Justice of India for appropriate further course of action.

The Company has not modified the provision for contingencies amounting to ₹5,291.41 Lakhs as on 31 March 2012. The Company has also disclosed an amount of ₹31,661 Lakhs [31 March 2022: ₹28,253.9 Lakhs] as contingent liability, to cover any possible charge that may arise in respect of the above said matter, in the financial statements for the year ended 31 March 2023 by way of abundant caution notwithstanding the Board's view that there is no need to accrue sales commission since Venture did not provide any services to the Company.

**28. Preparation of financial statements:**

"At the Annual General Meetings of the Company, one of the shareholders abstained from voting on the resolution for adoption of audited financial statements as at and for the years ended 31 March 2012 to 2022. In terms of Article 66 of the Articles of Association of the Company, the adoption of audited financial statements requires unanimous consent of both the shareholders of the Company. Therefore, the said financials have not been approved by the shareholders. The financial statements as at and for the year ended 31 March 2023 have been drawn up incorporating the opening balances based on above said financial statements which have not been adopted by the Shareholders. Adjustments required, if any, will be made in accounts as and when determined."

**29.** Pursuant to the order from Ministry of Corporate Affairs, Serious Fraud Investigation Office (SFIO) vide its letter dated January 9, 2009 carried out inspection of books of accounts and other records of the Company under Section 209A of the Act. Consequent to inspection, SFIO has filed a complaint in Economic Offences Court, Hyderabad ("the trial court") against the Company and the then directors. The Company has filed a writ petition in the Hon'ble High court of judicature at Hyderabad to quash the complaint of SFIO. The Hon'ble High Court has directed the trial court not to insist the appearance of directors for examination.

**30. Subsidiaries considered for consolidation**

| Name of the subsidiary | Place of incorporation | Proportion of ownership interest and voting power held by the Group | |
|---|---|---|---|
| | | As at 31 March 2023 | As at 31 March 2022 |
| Satyam Venture Engineering Services (Shanghai) Co. Ltd | China | 100% | 100% |
| Satven GmbH | Germany | 100% | 100% |

Disclosure of additional information as required by the Schedule III as at and for the year ended 31 March 2023

| Name of the Company | Net assets, i.e. total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount in Rupees | As % of consolidated other comprehensive income | Amount | As % of consolidated total comprehensive income | Amount |
| **Parent** | | | | | | | | |
| Satyam Venture Engineering Services Private Limited | 95.88% | 36,321.73 | 83.71% | 3,167.74 | 29% | 5.88 | 83.41% | 3,173.62 |
| **Subsidiaries - Foreign** | | | | | | | | |
| Satyam Venture Engineering Services (Shanghai) Co. Ltd | 2.56% | 969.46 | 14.53% | 549.99 | 9% | 1.78 | 14.50% | 551.77 |
| Satven GmbH | 1.56% | 590.29 | 1.76% | 66.52 | 63% | 12.93 | 2.09% | 79.45 |
| **Total** | 100.00% | 37,881.48 | 100.00% | 3,784.25 | 100% | 20.59 | 100% | 3,804.84 |

Disclosure of additional information as required by the Schedule III as at and for the year ended 31 March 2022

| Name of the Company | Net assets, i.e. total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount in Rupees | As % of consolidated other comprehensive income | Amount | As % of consolidated total comprehensive income | Amount |
| **Parent** | | | | | | | | |
| Satyam Venture Engineering Services Private Limited | 95.89% | 32,677.51 | 82.01% | 3,195.55 | 95% | 192.53 | 82.64% | 3,388.08 |
| **Subsidiaries - Foreign** | | | | | | | | |
| Satyam Venture Engineering Services (Shanghai) Co. Ltd | 2.67% | 910.97 | 16.49% | 642.60 | 7% | 13.83 | 16.01% | 656.42 |
| Satven GmbH | 1.43% | 488.16 | 1.50% | 58.50 | -2% | (3.16) | 1.35% | 55.35 |
| **Total** | **100.00%** | **34,076.65** | **100.00%** | **3,896.65** | **-** | **203.20** | **100.00%** | **4,099.85** |

**31. Related Party Transactions**

**31.1 Following is the list of related parties and their relationships**

**A. Joint Venture Partner**

1. Tech Mahindra Limited
2. Venture Global Engineering LLC

**B. Enterprise having significant influence over Tech Mahindra Limited**

3. Mahindra & Mahindra Ltd

**C. Under control of Tech Mahindra Limited**

4. Tech Mahindra GmbH
5. Tech Mahindra Foundation

**D. Under control of Venture Global Engineering LLC**

6. Jiangyin Venture Interior System
7. Venture Diversified Products
8. Venture Mould & Engg Co
9. Venture Otto South Africa (Prop) Ltd
10. Venture Auto Design(Shanghai)Co. Ltd

**E. Key Managerial Personnel**

| | | |
|---|---|---|
| 11. | Basanta Kumar Mishra | Chairman and Director |
| 12 | Jayaraman Ganapathy | Director |
| 13 | VenkataKumar Raju Vadapalli | Director |
| 14 | Krishna Kumari Palle | Director |
| 15 | Venkateswara Rao Gajjala | Director |
| 16 | Narasimham Venkata Rachakonda | Director |
| 17 | Venkateswarlu Jonnalagadda | Independent Director |
| 18 | Subramanyam Reddy Chelikam | Independent Director |
| 19 | Rao S Vadlamudi | Chief Executive Officer |
| 20 | Srinivas Chakravarthi Ramancherla | Chief Financial Officer |
| 21 | Aradhana Rewatkar | Company Secretary |

**31.2 Related party transactions during the period are as follows:**

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| **Tech Mahindra Limited** | | |
| Revenue | **4,628.07** | 4,729.64 |
| Reimbursement of Expenditure | **129.58** | 138.42 |
| **Tech Mahindra GmbH** | | |
| Revenue | **484.51** | - |
| **Mahindra & Mahindra Ltd.** | | |
| Revenue | **271.39** | 161.96 |
| **Tech Mahindra Foundation** | | |
| Contribution made toward CSR Expenditure | **65.00** | 66.00 |
| **Directors' Sitting Fees** | | |
| Jayaraman Ganapathy | **1.25** | 1.40 |
| Vadapalli Venkata Kumar Raju | **1.75** | 1.80 |
| Venkateswarlu Jonnalagadda | **2.25** | 2.10 |
| Subramanyam Reddy Chelikam | **2.00** | 1.80 |
| **Compensation to Key Managerial Personnel** | | |
| (a) short-term employee benefits; | **241.76** | 187.37 |
| (b) post-employment benefits; | **-** | - |
| (c) other long-term benefits; | **5.63** | 5.56 |
| (d) termination benefits; and | **-** | - |
| (e) share-based payment. | **-** | 109.39 |
| **Staff Loan/Salary Advance Repaid during the period** | **2.54** | 23.13 |

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Debit balances outstanding** | | |
| Tech Mahindra Limited | **3,321.62** | 2,812.99 |
| Tech Mahindra GmbH | **80.82** | - |
| Mahindra & Mahindra Ltd | **150.85** | 53.51 |
| Loan and advance to KMP | **-** | 1.47 |
| **Credit balances outstanding** | | |
| Rao S Vadlamudi | **17.50** | - |
| Srinivas Chakravarthi Ramancherla | **1.85** | - |
| Aradhana Rewatkar | **1.25** | - |

**32. Significant changes in the contract assets balances on fixed price development contracts**

| Particulars | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Opening Balance** | **30.74** | 34.80 |
| Add: Revenue recognised during the reporting period | **4.10** | 30.74 |
| Less: Invoiced during the period | **(30.74)** | (34.80) |
| Add/Less: Translation loss/(gain) | **-** | - |
| Add/Less: Others | **-** | - |
| **Closing Balance** | **4.10** | 30.74 |

**33. Segment Information**

**33.1** Based on the assessment of the chief operating decision maker ('CODM'), for the purpose of resource allocation and assessment of segment performance, the Company has only one business segment viz, engineering services.

**33.2 Geographical information**

The Group operates in seven principal geographical areas - India (country of domicile), United States of America (USA), Europe, Canada, Australia, South Africa and Asia Pacific comprising of China, Japan, Mexico and Singapore

The Company's revenue and Non-Current Assets from continuing operations from customers by location of operations are detailed below:

| | Revenue | | Non-Current assets | |
|---|---|---|---|---|
| | **Year ended 31 March 2023** | Year ended 31 March 2022 | **As at 31 March 2023** | As at 31 March 2022 |
| India | **11,708.47** | 12,338.36 | **12,344.97** | 11,152.23 |
| USA | **13,045.59** | 13,226.63 | **32.50** | 10.17 |
| Europe | **5,443.13** | 4,387.40 | **32.58** | 114.16 |
| Asia Pacific | **3,684.02** | 4,471.99 | **9.12** | 16.66 |
| Canada | **18.58** | 18.72 | **-** | - |
| Other | **1,260.57** | 845.53 | **0.99** | 1.15 |

**33.3 Information about major customers**

Revenue arising from sales of Automotive Engineering Services and consists of 60 customers base and out of them 10 customers contribute 80% of revenue.

**34. Financial Instruments**

**34.1 Capital Management**

Equity share capital and other equity are considered for the purpose of Company's capital management. The Company manages its capital so as to safeguard its ability to continue as a going concern. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

**Financial Risk Management**

The Company's activities are exposed to liquidity and market risks. The Company's senior management has the overall responsibility for establishing and governing the company's risk management frame work. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the board annually.

**Financial Instruments by category**

The carrying value and fair value of financial instruments by categories as of 31 March 2023 is as follows:

| Particulars | Fair value through P&L | Fair value through OCI | Derivative instruments in hedging relationship | Amortised cost | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Cash and cash equivalents | - | - | - | 4,665.24 | 4,665.24 | 4,665.24 |
| Other balances with banks | - | - | - | 6,183.33 | 6,183.33 | 6,183.33 |
| Trade receivables | - | - | - | 7,636.72 | 7,636.72 | 7,636.72 |
| Investments (Other than in subsidiaries) | 12,169.63 | - | - | - | 12,169.63 | 12,169.63 |
| Other financial assets | - | - | 39.12 | 8,274.75 | 8,313.88 | 8,313.88 |
| **Total** | **12,169.63** | **-** | **39.12** | **26,760.04** | **38,968.79** | **38,968.79** |
| **Liabilities** | | | | | - | - |
| Trade and other payables | - | - | - | 731.46 | 731.46 | 731.46 |
| Other financial liabilities | - | - | 38.53 | 570.73 | 609.26 | 609.26 |
| **Total** | **-** | **-** | **38.53** | **1,302.19** | **1,340.72** | **1,340.72** |

The carrying value and fair value of financial instruments by categories as of 31 March 2022 is as follows:

| Particulars | Fair value through P&L | Fair value through OCI | Derivative instruments in hedging relationship | Amortised cost | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Cash and cash equivalents | - | - | - | 3,984.32 | 3,984.32 | 3,984.32 |
| Other balances with banks | - | - | - | 6,119.54 | 6,119.54 | 6,119.54 |
| Trade receivables | - | - | - | 6,673.73 | 6,673.73 | 6,673.73 |
| Investments (Other than in subsidiaries) | 10,838.06 | - | - | - | 10,838.06 | 10,838.06 |
| Other financial assets | - | - | 77.60 | 7,675.83 | 7,753.43 | 7,753.43 |
| **Total** | **10,838.06** | **-** | **77.60** | **24,453.42** | **35,369.08** | **35,369.08** |
| **Liabilities** | | | | | - | - |
| Trade and other payables | - | - | - | 669.33 | 669.33 | 669.33 |
| Other financial liabilities | - | - | 0.08 | 670.71 | 670.79 | 670.79 |
| **Total** | **-** | **-** | **0.08** | **1,340.05** | **1,340.12** | **1,340.12** |

The fair value of cash and cash equivalents, other balances with bank, trade receivables, unbilled revenues, trade payables, and certain other financial assets and liabilities approximate their carrying amount largely due to the short term nature of these instruments.

**Fair value hierarchy**

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required):

The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level -1 that are observable for 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). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

| Particulars | As at 31 March 2023 | | | As at 31 March 2022 | | |
|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| **Financial assets** | | | | | | |
| Mutual fund investments | 12,169.63 | - | - | 10,838.06 | - | - |
| Derivative financial assets | - | 39.12 | - | - | 77.60 | - |
| **Total** | **12,169.63** | **39.12** | **-** | **10,838.06** | **77.60** | **-** |
| Financial Liabilities | | | | | | |
| Derivative financial liabilities | - | 38.53 | - | - | 0.08 | - |
| **Total** | **-** | **38.53** | **-** | **-** | **0.08** | **-** |

**Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

The Company has several balances in foreign currency and consequently the company is exposed to foreign exchange risk. The exchange rate between the rupee and foreign currencies has changed substantially in recent years, which has affect on the results of the Company, and may fluctuate substantially in the future. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities based on gross exposure and the unhedged foreign currency exposures outstanding at the end of reporting period is as under:

| Currency | Assets | | Liabilities | |
|---|---|---|---|---|
| | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2023 | As at 31 March 2022 |
| USD | 3,994.81 | 4,402.81 | 365.48 | 559.02 |
| JPY | 750.84 | 1,044.95 | 221.17 | 132.88 |
| Euro | 1,593.29 | 1,393.41 | 193.86 | 228.98 |
| CNY | 999.89 | 977.14 | 240.48 | 103.88 |
| GBP | 251.48 | 235.68 | 17.75 | 9.04 |
| Others | 906.79 | 572.06 | 128.15 | 156.53 |

**Forward Exchange Contracts**

The Company enters into foreign exchange forward contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than the Indian Rupee. The counter party to the Company's foreign currency Forward Contracts is generally a bank. These contracts are entered into to hedge the foreign currency risks of certain forecasted transactions. Forward exchange contracts in USD exposure are USD to INR and for EUR exposure are EUR to INR. These contracts are for a period of two years.

The following are the various outstanding foreign currency to Indian currency forward contracts (Sell) entered into be the company which has been designated as cash flow hedges:

| | | **Amount outstanding in Foreign currency** | | **Fair Value Gain / (Loss)** | |
|---|---|---|---|---|---|
| | **Currency** | **As at 31 March 2023** | **As at 31 March 2022** | **As at 31 March 2023** | **As at 31 March 2022** |
| Type of cover | | | | | |
| Forward | USD to INR | 18.47 | 10.04 | 28.97 | 10.20 |
| | EUR to INR | 17.27 | 10.85 | 47.95 | 57.09 |

The movement in hedging reserve for derivatives designated as Cash Flow Hedges is as follows:

| **Particulars** | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|
| Credit / (Debit) balance at the beginning of the year | **58.01** | 7.66 |
| Gain / (loss) net transferred to income statement on occurrence of forecasted hedge transaction | **-** | - |
| Changes in fair value of effective portion of cash flow derivative occurred during the year | **-** | - |
| Changes in fair value of effective portion of outstanding cash flow derivative | **(76.93)** | 67.29 |
| Tax impact on effective portion of outstanding cash flow derivative | **19.36** | (16.94) |
| **Credit/(Debit) balance at the end of the year** | **0.44** | 58.01 |

**Credit Risk Management**

Credit Risk refers to the risk for a counter party default on its contractual obligation resulting a financial loss to the Group. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risk. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. The maximum exposure of the financial assets represents trade receivables.

Credit risk on trade receivables is limited as the customers of the Company mainly consists of the entities having a strong credit worthiness. For doubtful receivables the Company uses a provision matrix to compute the expected credit loss allowances for trade receivables. The provision matrix takes into account ageing of accounts receivables and the company’s historical experience of the customers and financial conditions of the customers.

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily are investment in liquid mutual fund units issued by institutions with high credit ratings.

**Liquidity Risk Management**

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments.

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | **Accounts payable and acceptances** | **Other financial liabilities** | **Accounts payable and acceptances** | **Other financial liabilities** |
| "Carrying amount" | **731.46** | **609.26** | 669.33 | 670.71 |
| upto 1 year | **731.46** | **587.12** | 663.78 | 670.71 |
| More than 1 year | **-** | **22.15** | 5.55 | 0.08 |
| Total contracted cash flows | **731.46** | **609.26** | 669.33 | 670.79 |

The table below provides details of financial assets:

| | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|
| Trade receivables | **7,636.72** | 6,673.73 |
| Other financial assets | **8,313.88** | 7,753.43 |

**35. Leases**

**As a Lessee**

The lease arrangements for the Company are in respect of the office premises, the Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value.The lease payments associated with these leases of ₹444.83 Lakhs [31 March 2022 : ₹460.55 Lakhs] are recognized as an expense on a straight-line basis over the lease term.

The Management at this juncture, does not foresee adjustments, if any, to be made in the financial statements of the Company.

| | **Year ended 31 March 2023** | Year ended 31 March 2022 |
|---|---|---|
| Amount Recognised in Profit or Loss | | |
| Expenses related to short term leases | **444.83** | 460.55 |
| Expenses related to leases of low value assets excluding short term leases | **-** | - |

**36. Earning per share**

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follow.

| | **Year ended 31 March 2023** | Year ended 31 March 2022 |
|---|---|---|
| Profit for the year attributable to owners of the Company | **3,784.25** | 3,896.65 |
| Earnings used in the calculation of basic earnings per share | **3,784.25** | 3,896.65 |
| Weighted average number of equity shares outstanding during the period | **7,088,960** | 7,088,960 |
| Face Value of Equity Shares - ₹ | **10** | 10 |
| Basic and Diluted Earnings per Share * | **53.38** | 54.97 |

* The Company has no potential dilutive instruments

**37. Corporate social responsibility**

| | | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| i) | Amount required to be spent by the Company during the year | **64.91** | 65.26 |
| ii) | Amount of expenditure incurred | **65.00** | 66.00 |
| iii) | Shorfall at the end of the year | **-** | - |
| iv) | Total of previous years shortfall | **-** | - |
| v) | Reasons for shortfall | **-** | - |
| vi) | Details of related party transactions (Refer Note below) | **65.00** | 66.00 |
| vii) | Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year. | **-** | - |
| viii) | Nature of CSR activities | Contribution is made to Tech Mahindra Foundation (TMF). The TMF has been focusing on implementation projects related to of education and employability. | |

**37.1 Represents contribution to Tech Mahindra Foundation**

38 Additional Regulatory and Other Information which are required to be disclosed under Division - II of Schedule III to the Companies Act, 2013,

a) The Company does not own any immovable property, investment property and intangible assets under development

b) The Company does not have any borrowings from banks or financial institutions

c) The Company does not have any balance under Capital work in progress

d) The Company has not revalued its Property, Plant and Equipment (including the Right of use assets) and intangible assets during the year under review.

e) The Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPS and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person that are repayable on demand; or without specifying any terms or period of repayment

f) No Proceeding has been initiated or pending against the company under the Benami Transactions (Prohibition) Act, 1988 and the rules made thereunder

g) The Company is not a declared wilful defaulter by any Bank or Financial Institution or other lender.

h) The Company has no transactions with companies struck off under Sec.248 of the companies Act, 2013 or Sec.560 of the Companies Act, 1956.

i) The Company has complied with the number of layers prescribed under Clause 87 of Sec.2 of the Act read with the Companies (Restriction on number of layers) Rules 2017.

j) During the year, no scheme of arrangements has been approved by the competent authority in terms of Sec.230 to 237 of the Act, in which the company is a party.

k) A). The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies) including foreign entities (intermediaries) with the understanding (whether recorded in writing or otherwise) that the intermediary shall (i) directly or Indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries); or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

B). The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

for and on behalf of the Board of
**Satyam Venture Engineering Services Private Limited**
CIN: U72200TG2000PTC033213

**B. K. Mishra**
Director
DIN: 09163831

**V.Venkata Kumar Raju**
Director
DIN: 02958816

**Rao.S.Vadlamudi**
CEO

**Srinivas R**
CFO

**Aradhana R.**
Company Secretary

Hyderabad, 20 April 2023

# SATYAM VENTURE ENGINEERING SERVICES (SHANGHAI) CO., LTD.DIRECTORS:

**Board of Directors**

Mr. P. V. Krishna Kumar

**Registered Office**

Building.4,No.1521
A Section,Jia Tang Road,
Jiading District, China

**Bankers**

HSBC Bank

**Auditors**

Beijing Zhongjian Certified Public Accountants GP (General Partnership)

# DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended December 31, 2022.

**Financial Results**

| For the year ended December 31st, 2022 | 2022 CNY | 2022 INR | 2021 CNY | 2021 INR |
|---|---|---|---|---|
| Income | 71,83,356 | 8,59,18,685 | 89,72,318 | 10,50,29,950 |
| Profit / (Loss) before tax | 11,11,018 | 1,32,88,666 | 8,93,021 | 1,04,53,701 |
| Profit/(Loss) after tax | 11,11,018 | 1,32,88,666 | 7,24,603 | 84,82,204 |

Conversion Rate Used for 2022: CNY to INR= 11.9608

Conversion Rate Used for 2021: CNY to INR= 11.7060

**Review of Operations:**

During the year under review, your company recorded an income of CNY 71,83,356. (Equivalent to INR 8,59,18,685). Profit after tax was CNY 11,11,018 (Equivalent to INR 1,32,88,666). The Company continues to invest in strengthening its marketing infrastructure in China.

**Directors:**

During the year Mr. P V. Krishnakumar was a director on the Board.

**Outlook for the current year:**

Business has been encouraging in China and the Company is cautiously optimistic of the future.

**Acknowledgements:**

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder/s for the co-operation and assistance received from them.

Director

Shanghai, May 29, 2023.

# AUDIT REPORT

**Zhongjian review（2023）No.A8-888**

**Satyam-Venture Engineering Services (Shanghai) Co., Ltd.:**

## I. Audit Opinion

We have audited the attached financial statements of Satyam-Venture Engineering Services (Shanghai) Co., Ltd. (hereinafter referred to as "Your Company"), including balance sheet as of December 31, 2022, annual income statement, cash flow statement and notes to financial statements for the year from January 2022 to the end of December 2022.

In our opinion, attached financial statements are prepared in accordance with the Accounting Standard for Business Enterprises in all material respects. They fairly and honestly represent Your Company's financial position as of December 31, 2022 and the operation results and the cash flow for the year from January 2022 to the end of December 2022.

## II. Basis for Audit Opinion

We have concluded the auditing work in accordance with the Independent Auditing Standards for the Certified Public Accountant. Our responsibilities under these standards are further elaborated in the section of the auditor's report, entitled "CPA's Responsibility to Audit Financial Statements". In accordance with the China Code of Ethics for Certified Public Accountants, we are independent of your company and have performed other duties in respect of professional ethics. We are confident that the obtained audit evidence is sufficient and appropriate, which forms a firm basis for giving our audit opinion.

## III. Responsibilities of the Management for the Financial Statements

The Management are obliged to prepare the financial statements in accordance with the Accounting Standard for Business Enterprises and achieve fair presentation of the financial statements and to design, implement and maintain necessary internal control in order to ensure that there is no material misstatement due to fraud or errors.

In preparing the financial statements, management is responsible for assessing your ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless your company either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing your financial reporting process.

## IV. Certified Public Accountants' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the audit standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(4) Conclude on the appropriateness of management's use of the going concern basis of accounting. And based on the audit evidence obtained, conclude whether a material uncertainty exists related to events or conditions that

may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that there is a significant uncertainty, the auditing standards require us to draw the attention of the users of the statements to the relevant disclosures in the financial statements in the audit report. If the disclosures are not sufficient, we should issue a modified opinion. Our conclusion is based on the information available up to the date of the auditor's report. However, future events or circumstances may cause you to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial st atements represent the underlying transactions and events in a manner that achieves fair presentation.

| | |
|---|---|
| **BEIJING ZHONGJIANCERTIFIED PUBLIC ACCOUNTANGTS GP(General Partnership)** | Chinese CPA:<br>(Signature & Seal) |
| (Seal) | |
| | Chinese CPA: |
| | (Signature & Seal) |
| **Beijing, China** | June 5, 2023 |

# FINANCIAL STATEMENTS OF FOREIGN INVESTMENT ENTERPRISES IN SHANGHAI

## BALANCE SHEET

KWNQ Form 01

Name of Enterprise: Satyam-Venture Engineering Services ( Shanghai ) Co.,Ltd. 2022-12-31 Amount Unit: CNY

| ITEM | LINE | ENDING BALANCE | BEGINNING BALANCE | ITEM | LINE | ENDING BALANCE | BEGINNING BALANCE |
|---|---|---|---|---|---|---|---|
| **CURRENT ASSETS:** | 1 | — | — | **CURRENT LIABILITIES:** | 47 | — | — |
| Monetary assets | 2 | 5,252,550.27 | 6,062,788.83 | Short-term loan | 48 | | |
| Short-term investments | 3 | | | Notes payable | 49 | | |
| Notes receivable | 4 | | | Accounts payable | 50 | 1,176,233.96 | 1,212,971.00 |
| Dividend receivable | 5 | | | Prepayment From Customers | 51 | | |
| Interest receivable | 6 | | | Accrued wages | 52 | | |
| Accounts receivable | 7 | 2,138,577.07 | 2,092,801.19 | Welfare payable | 53 | | |
| Advances to Suppliers | 8 | 8,800.00 | | Inside: bonus & welfare of employee | 54 | | |
| Advances to Suppliers | 9 | | | Divident payable | 55 | | |
| Deposit of futures | 10 | | | Interest payable | 56 | | |
| Accrued allowance | 11 | | | Tax payables | 57 | 34,154.46 | 143,506.79 |
| Export return tax receivable | 12 | | | Inclu: tax payable | 58 | | |
| other receivable | 13 | 81,001.09 | 31,001.09 | | | | |
| | 14 | | | | | | |
| Inventories | 15 | | | Other payable | 59 | 46,054.00 | 146,022.00 |
| Including: raw material | 16 | | | Accrued expense | 60 | | |
| Finished products | 17 | | | Perceivable liabilities | 61 | | |
| To hold assets for sale | 18 | | | A liability for sale | | | |
| Other current assets | 19 | | | Deferred income | 62 | | |
| **TOTAL CURRENT ASSETS** | 20 | 7,480,928.43 | 8,186,591.11 | Long-term liability due within one year | 63 | | |
| | 18 | | | Other current liabilities | 64 | | |
| **LONG TERM INVESTMENTS** | 19 | | | **TOTAL CURRENT LIABILITIES** | 65 | 1,256,442.42 | 1,502,499.79 |
| Long-term share investments | 20 | | | **LONG TERM LIABILITIES:** | 66 | — | — |
| Long-term investment of bonds | 21 | | | Long term loans | 67 | | |
| * Price differenc of merge | 22 | | | Bonds payable | 68 | | |
| | 23 | | | Long term other payable | 69 | | |
| **TOTAL LONG TERM INVESTMENTS** | 24 | | | Special payable | 70 | | |
| **FIXED ASSETS:** | 25 | | | Other long-term liabilities | 71 | | |
| Fixed assets-cost | 26 | 48,057.00 | 20,057.00 | | 72 | | |
| Less: Accumulated depreciation | 27 | 24,347.66 | 19,914.32 | | 73 | | |
| Fixed assets-net value | 28 | 23,709.34 | 142.68 | DEFERRED TAX: | 74 | | |
| Less: Provision for loss on fixed-assets | 29 | | | Deferred tax credit items | 75 | | |
| Net value of fixed-assets | 30 | 23,709.34 | 142.68 | **TOTAL LONG TERM LIABILITIES** | 76 | - | - |

KWNQ Form 01

Name of Enterprise: Satyam-Venture Engineering Services ( Shanghai ) Co.,Ltd. 2022-12-31 Amount Unit: CNY

| ITEM | LINE | ENDING BALANCE | BEGINNING BALANCE | ITEM | LINE | ENDING BALANCE | BEGINNING BALANCE |
|---|---|---|---|---|---|---|---|
| Construction materials | 31 | | | **TOTAL LIABILITIES** | 77 | 1,256,442.42 | 1,502,499.79 |
| Construction in progress | 32 | | | **OWNERS' EQUITY:** | 78 | | |
| Disposal of fixed assets | 33 | | | Paid-in capital | 79 | | |
| | 34 | | | Investment of Chinese (None RMB____) | 80 | | |
| | 35 | | | Investment of Foreign (None RMB____) | 81 | 4,148,545.77 | 5,695,602.57 |
| TOTAL FIXED ASSETS | 36 | | | Less: returned investment | 82 | | |
| INTANGIBLE AND OTHER ASSETS: | 37 | | | Net Paid-in capital | 83 | 4,148,545.77 | 5,695,602.57 |
| Intangible assets | 38 | | | Capital surplus | 84 | | |
| Long-term deferred and prepaid expenses | 39 | | | Surplus reserves | 85 | 293,364.84 | 293,364.84 |
| Other Long-term assets | 40 | | | Inside: Legal surplus | 86 | | |
| The deferred income tax assets | 41 | | | Legal accumulated | 87 | | |
| **TOTAL INTANGIBLE AND OTHER ASSETS** | 42 | 23,709.34 | 142.68 | Surplus reserves at wish | 88 | | |
| DEFERRED TAX | 43 | | | Reserved fund | 89 | | |
| Deferred tax debit items | 44 | | | Enterprise developing fund | 90 | | |
| | 45 | | | Profit return for investment | 91 | | |
| | | | | * Unconfirmed loss of investment ("-") | 92 | | |
| | | | | Undistributed profit | 93 | 1,806,284.74 | 695,266.59 |
| | | | | Discount difference of foreign currency statement | 94 | | |
| | | | | TOTAL OWNERS' EQUITY | 95 | 6,248,195.35 | 6,684,234.00 |
| | | | | Less: loss of asset | 96 | | |
| | | | | TOTAL OWNERS' EQUITY (except the loss of assets) | 97 | 6,248,195.35 | 6,684,234.00 |
| TOTAL ASSETS | 46 | 7,504,637.77 | 8,186,733.79 | TOTAL LIABILITIES AND OWNERS' EQUITY | 98 | 7,504,637.77 | 8,186,733.79 |

# FINANCIAL STATEMENTS OF FOREIGN INVESTMENT ENTERPRISES IN SHANGHAI

## PROFIT STATEMENTS

KWNQ Form 02

Name of Enterprise: Satyam-Venture Engineering Services ( Shanghai ) Co.,Ltd. 2022\01-2022\12 Amount Unit: CNY

| ITEM | Line | 2022.1-2022.12 (Current Year) | 2021.1-2021.12 (Last Year) | ITEM | Line | 2022.1-2022.12 (Current Year) | 2021.1-2021.12 (Last Year) |
|---|---|---|---|---|---|---|---|
| **I. Total Business Income** | 1 | 6,751,214.57 | 8,516,823.66 | Add: Gain from change of fair value | 20 | | |
| Business Income | 2 | 6,751,214.57 | 8,516,823.66 | Investment Gain | 21 | | |
| Inside: Main Business Income | 3 | 6,751,214.57 | 8,516,823.66 | Include: Gain from Joint-venture | 22 | | |
| Other Business Income | 4 | | | **III. Profit from Business Operation** | 23 | 679,008.93 | 437,526.80 |
| **II. Net Business Cost** | 5 | 6,072,205.64 | 8,079,296.86 | Add: (1) Non-Business revenue | 24 | 432,141.45 | 455,493.96 |
| Include: (1) Businese cost | 6 | 3,903,607.00 | 5,131,527.63 | include: Gain from disposal of Non-current assets | 25 | | |
| Inside: Main Business Cost | 7 | 3,903,607.00 | 5,131,527.63 | Gain fron Non-monetary transaction | 26 | | |
| Other Business Cost | 8 | | | Allowance | 27 | | |
| (2) Tax and additional | 9 | 9,623.80 | 15,487.94 | Gain from Liability re-arrangement | 28 | | |
| (3) Operation expense | 10 | 1,994,038.44 | 2,775,462.05 | Less: Non-Operation expenditure | 29 | 132.23 | |
| (4) Administration expense | 11 | 150,018.00 | 157,938.54 | Include: Loss from disposal of Non-current Assets | 30 | | |
| Inside: Entertainment fee | 12 | | | Loss from Non-Monetary Transaction | 31 | | |
| Study and development fee | 13 | | | Loss from Liability re-arrangement | 32 | | |
| (5) Financial expense | 14 | 14,918.40 | -1,119.30 | **IV. Profit before Tax** | 33 | 1,111,018.15 | 893,020.76 |
| Inside: Interest payout | 15 | | | Less: Income Tax | 34 | | 168,417.69 |
| Interest income | 16 | | | Add: Unconfirmed Investment Loss | 35 | | |
| Net loss of exchange | 17 | | | **V. Net Profit** | 36 | 1,111,018.15 | 724,603.07 |
| (5) Impairment of Assets | 18 | | | Less: Gain or loss of minor stock holders | 37 | | |
| (6) Others | 19 | | | VI. Net Profit Belongs To Mother Company | 38 | 1,111,018.15 | 724,603.07 |

# FINANCIAL STATEMENTS OF FOREIGN INVESTMENT ENTERPRISES IN SHANGHAI

## CASH FLOW STATEMENT

KWNQ Form 03

Name of Enterprise: Satyam-Venture Engineering Services ( Shanghai ) Co.,Ltd. 2022\01-2022\12 Amount Unit: CNY

| ITEM | LINE | Current Year | Last Year | ITEM | LINE | Current Year | Last Year |
|---|---|---|---|---|---|---|---|
| **1. Cash Flows from Operating Activities:** | 1 | — | — | Cash paid to acquire subsidiary | 21 | | |
| Cash received from sales of goods or rendering of services | 2 | 7,110,511.56 | 8,697,980.77 | Other cash paid relating to investing activities | 22 | 1,547,056.80 | |
| Refund of Taxes | 3 | | | Sub-total of cash outflows | 23 | 1,547,056.80 | - |
| Other cash received relating to other operating activities | 4 | 282,173.45 | 571,515.96 | Net cash flows from investing activities | 24 | -1,547,056.80 | - |
| Sub-total of cash inflows | 5 | 7,392,685.01 | 9,269,496.73 | **3. Cash Flows from Financing Activities:** | 25 | — | — |
| Cash paid for goods and services | 6 | 4,174,560.46 | 4,698,354.29 | Proceeds from received investment | 26 | | |
| Cash paid to and on behalf of employees | 7 | 825,584.18 | 1,259,081.63 | include proceeds of investment by minor shreholder | 27 | | |
| Cash apid for all type of taxes | 8 | 516,956.81 | 211,711.95 | Proceeds from borrowing | 28 | | |
| Cash paid relating to other operating activities | 9 | 1,138,765.32 | 4,050,824.85 | Other proceeds relating to financing activities | 29 | | |
| Sub-total of cash outflows | 10 | 6,655,866.77 | 10,219,972.72 | Sub-total of cash inflows | 30 | - | - |
| Net cash flows from operating activities | 11 | 736,818.24 | -950,475.99 | Cash repayments of amounts borrowed | 31 | | |
| **2. Cash Flows from Investing Activities:** | 12 | — | — | Cash payments for distribution of dividends, profits or interest expense | 32 | | 293,364.84 |
| Cash received from return of investments | 13 | | | include: dividend interest | 33 | | |
| Cash received from distribution of investments | 14 | | | Other cash payment relating to financing activities | 34 | | |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 15 | | | Sub-total of cash outflows | 35 | - | 293,364.84 |
| Net cash received from disposal of Subsidiaries | 16 | | | Net cash flow from financing activities | 36 | - | -293,364.84 |
| Other cash received relating to investing activities | 17 | | | **4. Effect of Foreign Exchange Rate Changes on Cash** | 37 | | |
| Sub-total of cash inflows | 18 | - | - | **5. Net Increase in Cash and Cash Equivalents:** | 38 | -810,238.56 | -1,243,840.83 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | 19 | | | **6. Cash equivalents at the beginning of the period** | 39 | 6,062,788.83 | 7,306,629.66 |
| Cash paid to acquire investments | 20 | | | **7. Cash equivalents at the end of period** | 40 | 5,252,550.27 | 6,062,788.83 |

# NOTES TO THE FINANCIAL STATEMENTS OF

**Satyam-Venture Engineering Services (Shanghai) Co., Ltd.**

For the January 2022 - the end of December 2022

## I. Company Profile

Satyam-Venture Engineering Services (Shanghai) Co., Ltd. (the Company) was invested and incorporated by SATYAM VENTURE ENGINEERING SERVICES PRIVATE LIMITED, and obtained the “Business License for Enterprises as Legal Persons” (Registration No.: 91310000593145765W) on May 15, 2012. The registered capital of the Company is USD645,000.00; the registered address of the Company is Building 4, No.1521 A Section, Jia Tang Road, Jiading District; and PULAVARTHI VENKATA KRISHNAKUMAR is the legal representative of the Company.

Subject to the approval of the administration of industry and commerce, the Company is principally engaged in technical consultation, technological development, technical transformation, automotive software development and technical services in the field of Automotive Engineering, And, develop and sale motorsoftware products. (operate with license as required).

## II. Principal Accounting Policies

### Accounting System

These financial statements have been prepared by the Company in accordance with the “Enterprise Accounting Standards”.

### Accounting Year

Calendar period from January 2022 to the end of December 2022.

### Valuation Basis

The Company makes accounting recognition, measurement and report on the accrual basis.

### Basis of Measurement

The elements of financial statements are measured by the Company on the basis of historical cost generally; and special notes will be given by the Company in the case of measurement on the basis of replacement cost, net realizable value, present value or fair value.

### Recording Currency and Foreign Currency Translation

CNY is used by the Company as the recording currency. Transactions denominated in foreign currencies are stated after being translated into CNY at the market reference exchange rates promulgated by the People’s Bank of China prevailing on the date on which the transactions took place, the balance in all foreign currency accounts and settlement accounts will be translated into CNY at the market reference exchange rates prevailing at the end of period, and the exchange gain or loss thus occurred will be taken to “Financial Expenses – Exchange Gain or Loss” other than those occurred during the establishment period which shall be taken to “Long-term Prepaid Expenses – Establishment Charge”.

### Recognition of Cash Equivalents

Investments held by the Company with short term, strong liquidity and less risk of value change which are easily converted into cash with known amount are recognized as cash equivalents.

### Accounting Method for Bad Debts

The Company accounts bad debt loss by using allowance method, and makes provision for bad debts by using specific identification method.

The accounts receivable (1) that cannot be recovered due to the bankruptcy or death of the debtor after the liquidation of such debtor’s property or legacy, or (2) that cannot be recovered as a result of the debtor’s delay in performing its obligation of debt redemption over three years are recognized as bad debts.

### Inventories

Inventories refer to the materials or goods held by the Company in the process of production and operation for sale or to be consumed in the process of production or rendering of service, including products in process and commodity stocks.

Accounting method for inventories: The inventories are measured at their actual costs at acquisition, including procurement costs, processing costs and other costs. The actual costs of delivered inventories are determined using first-in first-out method at delivery of inventories.

The perpetual inventory method is used by the Company as its inventory system. The Company checks inventories regularly, the gain from inventory profit and loss from inventory shortage are taken to the Profit and Loss of the current period.

**Provision for Impairment of Inventories**

At the end of the year, the provision for impairment of inventories is made or adjusted at the costs or net realizable value of inventories whichever is lower. The provision for impairment of inventories is made upon the single item of inventories.

**Provision for Impairment of Fixed Assets**

At the balance sheet date, the fixed assets are valuated at the lower of their book value or recoverable amount. In case the recoverable amount is lower than the book value, the book value of fixed assets is written down to the recoverable amount, and the write-down amount is recognized as the loss of impairment of assets and taken to the Profit and Loss of the current period while the provision for impairment of fixed assets is made accordingly. The loss of impairment of fixed assets will not be carried back in subsequent accounting periods once it has been recognized.

**Long-term Prepaid Expenses**

The long-term prepaid expenses of the Company refer to expenses that have been disbursed and will be amortized after normal production and operation over one year, mainly including establishment charge and costs of tools and appliances with useful life over one year. Other than establishment charge which is taken to Profit and Loss in a lump in the starting month of production and operation, all long-term prepaid expenses are amortized evenly within the estimated beneficial period, and taken to the Profit and Loss of each amortization period.

**Revenues**

**1. Sale of Goods**

The revenues from sale of goods are recognized at the received or receivable contractual prices from the buyer when (1) the Company has transferred the significant risks and rewards of ownership of the goods to the buyer; (2) retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (3) the amount of revenues can be measured reliably; (4) it is probable that the economic benefits associated with the transaction can flow to the Company; and (5) the relevant costs incurred or to be incurred can be measured reliably.

**2. Rendering of Service**

The revenues from rendering of service is recognized using percentage of completion method when the results of rendering of service can be estimated reliably at the balance sheet date.

**3. Transfer of the Right to the Use of Assets**

The revenues from transfer of the right to the use of assets are recognized by the Company when the economic benefits associated with such transfer can flow to the Company and the amount of revenue can be measured reliably.

Interest income is computed and determined according to the time of using cash & cash equivalents and the applicable interest rate. The amount of income from charge for use is computed and determined according to the time and method agreed in the relevant contract or agreement.

**Income Tax**

The income tax of the Company is accounted using tax payable method.

**III. Taxes**

Value added tax: The value added tax rate applicable to the Company in this year is 6%.

Income tax: The income tax rate applicable to the Company in this year is 25%.

Urban construction tax: The Urban construction tax rate applicable to the Company in this year is 5%.

Education surcharge: The Education surcharge rate applicable to the Company in this year is 5%.

## IV. Notes to the main items of the financial statements

Unless otherwise indicated, the currency unit is CNY.

### 1. Cash & Cash Equivalents

As at the end of December 2022, the balance of Cash & Cash Equivalents is CNY 5,252,550.27

| Item | Book balance at end of year | Book balance at beginning of year |
|---|---|---|
| Cash | 0.00 | 0.00 |
| Cash in bank | 5,252,550.27 | 6,079,262.61 |
| **Total** | **5,252,550.27** | **6,079,262.61** |

### 2. Accounts Receivable

As at the end of December 2022, the balance of accounts receivable is CNY 2,138,577.07, and has no record the provision for bad debts. The aging of accounts receivable is analyzed below:

| Aging | Book balance at end of year | |
|---|---|---|
| | Amount | % |
| Within 1 year | 2,138,577.07 | 100.00% |
| 1-2 Years | 0.00 | 0.00% |
| Provision for doubtful debts | 0.00 | 0.00% |
| **Total** | **2,138,577.07** | **100.00%** |

### 3. Other Receivable

As at the end of December 2022, the balance of other receivable is CNY 81,001.09. The aging of accounts receivable is analyzed below:

| Aging | Book balance at end of year | |
|---|---|---|
| | Amount | % |
| Within 1 year | 81,001.09 | 100.00% |
| Total | 81,001.09 | 100.00% |
| | 0.00 | 0.00% |
| **Total** | **2,138,577.07** | **100.00%** |

### 4. Fixed Assets:

Net Value on the end of December 2022 is CNY23,709.34, Breakdown is listed as follows:

| Item | Opening Balance | Increase in Current Period | Decrease in Current Period | Closing Balance |
|---|---|---|---|---|
| Original value | | | | |
| Electronic equipment | 20,057.00 | 28,000.00 | 0.00 | 48,057.00 |
| **Sub-total** | **20,057.00** | **28,000.00** | **0.00** | **48,057.00** |
| Accumulated Depreciation | | | | |
| Electronic equipment | 19,914.32 | 4433.34 | 0.00 | 24,347.66 |
| **Sub-total** | **19,914.32** | **4433.34** | **0.00** | **24,347.66** |
| **Net Value** | **142.68** | | | **23,709.34** |

**5. Accounts Payable**

As at the end of December 2022, the balance of accounts payable is CNY 1,176,233.96. The aging of accounts payable is analyzed below:

| Aging | Book balance at end of year | |
|---|---|---|
| | Amount | % |
| Within 1 year | **1,176,233.96** | 100.00% |
| 1-2 years | 0.00 | 0.00% |
| **Total** | 1,176,233.96 | 100.00% |

The major customers are as follows:

| The list of units | Amount |
|---|---|
| SATYAM VENTURE ENGINEERING SERVICES PRIVATE LIMITED | **1,176,233.96** |

**6. Tax Payable**

As at the end of December 2022, the balance of tax payable is CNY34,154.46, the detail is as follows

| | Book balance at end of year |
|---|---|
| Value added tax | -93,371.75 |
| Income tax | 125,761.56 |
| City building duty | 0.00 |
| The individual income tax | 1,764.65 |
| Educational expenses to add | 0.00 |
| **Total** | **34,154.46** |

**7. Other payable**

As at the end of December 2022, the balance of other payable is CNY 46,054.00. The aging of other payable is analyzed below:

| Aging | Book balance at end of quarter | |
|---|---|---|
| | Amount | % |
| Within 1 year | 46,054.00 | 100.00% |
| 2-3 years | 0.00 | 0.00% |
| **Total** | **46,054.00** | **100.00%** |

**8. Paid-in Capital**

As at the end of December 2022, the balance of Paid-in Capital is USD645,000.00, (Equivalent to CNY: 4,148,545.77)

| Investor | Book balance at end of year | % |
|---|---|---|
| SATYAM VENTURE ENGINEERING SERVICES PRIVATE LIMITED | 4,148,545.77 | 100.00% |
| **Total** | **4,148,545.77** | **100.00%** |

**9. Undistributed Profits**

| | |
|---|---|
| Undistributed profits at the end of last year | 695,266.59 |
| Plus: Increased this year | 1,111,018.15 |
| Less: Decreased this year | |
| Withdrawal of legal surplus reserve | |
| Cash dividends payable | |
| Undistributed profits at the end of the year | 1,806,284.74 |

**10. Operating Income & Operating Cost**

2022.01.01-2022.12.31 amount, detailed as follows:

| Item | Amount at current year | |
|---|---|---|
| | Operating income | Operating cost |
| **Total** | 6,751,214.57 | 3,903,607.00 |

**11. Operating Expenses**

2022.01.01-2022.12.31 amount, detailed as follows:

| Item | Amount at current period |
|---|---|
| Wages | 820,670.18 |
| External costs | 429,198.62 |
| Travel expenses | |
| Consulting services | 841,557.64 |
| Office expenses | |
| welfare funds | 2,580.00 |
| Others | -99,968.00 |
| **Total** | **1,994,038.44** |

**12. Management fees**

2022.01.01-2022.12.31 amount, detailed as follows

| Item | Amount at current period |
|---|---|
| Office expenses | 4,013.71 |
| Travel | 3,704.16 |
| Bookkeeping agency fee | 54,000.00 |
| Rent | 26,258.99 |
| Auditing and inspection charges | 30,000.00 |
| welfare funds | 2,334.00 |
| depreciation charge | 4,433.34 |
| Business entertainment expenses | 15,861.00 |
| Others | 9,412.80 |
| **Total** | **150,018.00** |

**13. Finance charges**

2022.01.01-2022.12.31 amount, detailed as follows:

| Item | Amount at current period |
|---|---|
| Bank charges | 4,126.50 |
| Interest return | -18,244.90 |
| Exchange gains and losses | 29,036.80 |
| **Total** | **14,918.40** |

**V. Affiliated party's relationship and transaction:**

**1. Affiliated party relations**

| Affiliated party's name | Affiliated party's nature |
|---|---|
| SATYAM VENTURE ENGINEERING SERVICES PRIVATE LIMITED | hold the company's100.00% interest |
| PULAVARTHI VENKATA KRISHNAKUMAR | the legal representative of the Company |

**2. The affiliated party transactions**

| | | |
|---|---|---|
| SATYAM VENTURE ENGINEERING SERVICES PRIVATE LIMITED | accounts payable | 1,176,233.96 |

**VI. Other Notifications:**

1. The plan of profit sharing & stock bonus:

   there is no procedure as per the local laws for share allotment and issue of share certificates to the shareholders. Company's profit is distributed as per the company's articles of association.

2. The company has no major subsequent events, contingent loss and contingent liability till the end of this year.

**Satyam-Venture Engineering Services (Shanghai) Co., Ltd.**
**May 29,2023**

# SATVEN GMBH

**Board of Directors**
Mr. Vadlamudi Srinivasa Rao

**Registered Office**
Leopoldstr. 244, 80807 Munchen

**Bankers**
HSBC

**Auditors**
Christoph Sieger

# DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present their Report together with the audited accounts of your Company for the year ended March 31, 2023.

**Financial Results**

| For the year ended March 31st, 2023 | 2023 EURO | 2023 INR | 2022 EURO | 2022 INR |
|---|---|---|---|---|
| Income | 996,412 | 8,32,80,095 | 1,087,513 | 9,41,37,673 |
| Profit / (Loss) before tax | 85,224 | 63,72,315 | 75,135 | 65,03,904 |
| Profit/(Loss) after tax | 79,583 | 61,48,630 | 67,582 | 58,50,101 |

Conversion Rate used in 2023: EURO to INR= 83.5800

Conversion Rate used in 2022: EURO to INR= 86.6238

**Review of Operations:**

During the year under review, your company recorded an income of EURO 996,412 (Equivalent to INR 8,32,80,095). Profit/(Loss) after tax was EURO 79,583 (Equivalent to INR (61,48,630). The Company continues to invest in strengthening its marketing infrastructure in Germany.

**Directors:**

During the year Mr. Rao S. Vadlamudi was a director on the Board.

**Outlook for the current year:**

Business has been encouraging in Germany and the Company is cautiously optimistic of the future.

**Acknowledgements:**

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, State and Federal Government Authorities and the shareholder/s for the co-operation and assistance received from them.

**Director**

April 12, 2023

Convenient Translation of the core statements

# AUDITOR´S CERTIFICATE FOR SATVEN GMBH, STUTTGART

We have audited the annual financial statements - Tested to March 31, 2023, including the accounting of Satven GmbH, Stuttgart, for the financial year April 1, 2022 to March 31, 2023, comprising the balance sheet, profit and loss statement and notes. The accounting and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the basis of our audit, on the annual financial statements, including the accounting.

We conducted our audit in accordance with § 317 HGB promulgated by the Institute of Chartered Accountants (IDW) and German generally accepted auditing standards. Those standards require that we plan and perform that misstatements materially affecting the presentation of operations in the annual financial statements in accordance with generally accepted accounting of the assets, financial position and results, with reasonable assurance be detected. In the determination of audit procedures knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account. During the audit, the effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the annual financial statements are examined primarily on a test basis. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements, give attention to the proper accounting and give a true and fair view of the net assets, financial position and results of operations.

Munich, April 13, 2023

C.M. SIEGER GmbH

Wirtschaftsprüfungsgesellschaft

(Christoph Sieger)

Chartered Accountant

# BALANCE SHEET AS AT 31/03/2023

| ASSETS | EUR | Financial Year EUR | Prior Year EUR |
|---|---|---|---|
| **A. Noncurrent assets** | | | |
| I. Tangible fixed assets | | | |
| 1. Other equipment, operating and office equipment | | 12,046.00 | 12,046.00 |
| Total noncurrent asset | | 12,046.00 | 12,046.00 |
| **B. Current assets** | | | |
| I. Receivables and other assets | | | |
| 1. Trade receivables | 35,343.89 | | 256,967.59 |
| 2. Other assets | 124,385.21 | | 109,527.93 |
| | | 159,729.10 | 366,495.52 |
| II. Cash on hand, central bank balances, bank balances, and checks | | 571,775.23 | 317,988.73 |
| Total current assets | | 731,504.33 | 684,484.25 |
| | | **743,550.33** | **696,530.25** |
| TOTAL EQUITY AND LIABILITIES | | | |
| **A. Equity** | | | |
| I. Subscribed capital | | 425,000.00 | 425,000.00 |
| II. Retained profits brought forward | | 155,914.20 | 88,331.71 |
| III. Net income for the financial year | | 79,583.37 | 67,582.49 |
| **Total equity** | | 660,497.57 | 580,914.20 |
| **B. Provisions** | | | |
| 1. Other provisions | | 58,200.00 | 86,300.00 |
| **C. Liabilities** | | | |
| 1. Trade payables | 676.73 | | 2,230.50 |
| - of which remaining term up to 1 year EUR 676.73 (EUR 2,230.50) | | | |
| 2. Liabilities to affiliated companies | 5,316.07 | | 0.00 |
| - of which remaining term up to 1 year EUR 5,316.07 (EUR 0.00) | | | |
| 3. Other liabilities | 18,859.96 | | 27,085.55 |
| - of which taxes EUR 14,973.49 (EUR 22,045.82) | | | |
| - of which social security EUR 0.00 (EUR 911.87) | | | |
| - of which remaining term up to 1 year EUR 18,859.96 (EUR 27,085.55) | | | |
| | | 24,852.76 | 29,316.05 |
| | | **743,550.33** | **696,530.25** |

# INCOME STATEMENT FROM 01/04/2022 TO 31/03/2023

| | EUR | Financial Year EUR | Prior Year EUR |
|---|---|---|---|
| 1. Sales | | 996,411.77 | 1,087,512.56 |
| 2. Other operating income | | 3,000.00 | 0.00 |
| 3. Personnel expenses | | | |
| a) Wages and salaries | 685,658.89 | | 671,830.55 |
| b) Social security costs and expenses related to pension plans and for support | 161,892.63 | | 230,400.56 |
| - of which in respect of old age pensions EUR 4,715.64 (EUR 4,688.53) | | | |
| | | 847,551.52 | 902,231.11 |
| 4. Depreciation and amortization | | | |
| a) Of noncurrent intangible assets and property, plant and equipment | | 529.99 | 184.90 |
| 5. Other operating expenses | | 66,105.59 | 109,961.09 |
| 6. Taxes on income | | 5,641.30 | 7,552.97 |
| **7. Net income/net loss after tax** | | **79,583.37** | **67,582.49** |
| **8. Net income for the financial year** | | **79,583.37** | **67,582.49** |

# ACCOUNTS AS AT 31/03/2023

| Description | EUR | Financial Year EUR | Prior Year EUR |
|---|---|---|---|
| **Other equipment, operating and office equipment** | | | |
| Operating equipment | 11,679.00 | | 12,046.00 |
| Office fittings | 367.00 | | 0.00 |
| | | 12,046.00 | 12,046.00 |
| **Trade receivables** | | | |
| Trade receivables | 15,437.57 | | 126,846.56 |
| **Trade receivables** | 19,906.32 | | 130,121.03 |
| | | 35,343.89 | 256,967.59 |
| Other assets | | | |
| Receivables from employees (payroll) | 0.00 | | 2,064.84 |
| Rcvbls from employees rem.term 1 yr. | 3,600.00 | | 3,000.00 |
| **Security deposits** | 12,776.15 | | 12,976.15 |
| **Receivables from trade tax overpaymts** | 49,335.20 | | 38,046.40 |
| Reclaimed corporate income tax | 58,673.86 | | 37,999.79 |
| **Receivables Bundesagentur für Arbeit** | 0.00 | | 15,440.75 |
| | | 124,385.21 | 109,527.93 |
| **Cash on hand, central bank balances, bank balances, and checks** | | | |
| Bank | | 571,775.23 | 317,988.73 |
| | | 743,550.33 | 696,530.25 |
| TOTAL EQUITY AND LIABILITIES | | | |
| **Subscribed capital** | | | |
| Subscribed capital | | 425,000.00 | 425,000.00 |
| **Retained profits brought forward** | | | |
| Retained profits bef apprprtn net profit | | 155,914.20 | 88,331.71 |
| **Net income for the financial year** | | | |
| Net income for the financial year | | 79,583.37 | 67,582.49 |
| **Other provisions** | | | |
| Other provisions | 2,700.00 | | 2,500.00 |
| Provisions for personnel expenses | 0.00 | | 3,000.00 |
| Provisions for vacation pay | 24,900.00 | | 62,200.00 |
| Provsns period-end closing/ audit costs | 24,000.00 | | 12,000.00 |
| Provsns for record retntn obligations | 6,600.00 | | 6,600.00 |
| | | 58,200.00 | 86,300.00 |
| **Trade payables** | | | |
| Trade payables | | 676.73 | 2,230.50 |
| **of which remaining term up to 1 year EUR 676.73 (EUR 2,230.50)** | | | |
| Trade payables | | | |
| Liabilities to affiliated companies | | | |
| Liabilities affiliated companies India | | 5,316.07 | 0.00 |
| of which remaining term up to 1 year EUR 5,316.07 (EUR 0.00) | | | |
| Liabilities affiliated companies India | | | |
| Other liabilities | | | |
| Trade receivables | 0.00 | | 73.12 |
| Payroll liabilities | 0.00 | | 16.87 |

| Description | EUR | Financial Year EUR | Prior Year EUR |
|---|---|---|---|
| Liabilities Indian PF | 3,886.47 | | 4,037.87 |
| Wage and church tax payables | 4,377.74 | | 9,150.29 |
| Social security liabilities | 0.00 | | 911.87 |
| | 8,264.21 | | 14,190.02 |
| Deductible input tax, 7% | -9.63 | | -3,214.67 |
| Deductible input tax 5% | 0.00 | | 360.00 |
| Deductible input tax, 19% | -8,598.32 | | -12,286.97 |
| VAT, 19% | 189,318.24 | | 206,627.43 |
| VAT prepayments | -170,114.54 | | -178,590.26 |
| | 10,595.75 | | 12,895.53 |
| | | 18,859.96 | 27,085.55 |
| **of which taxes EUR 14,973.49 (EUR 22,045.82)** | | | |
| Wage and church tax payables | | | |
| Deductible input tax, 7% | | | |
| Deductible input tax 5% | | | |
| Deductible input tax, 19% | | | |
| VAT, 19% | | | |
| VAT prepayments | | | |
| **of which social security EUR 0.00 (EUR 911.87)** | | | |
| Social security liabilities | | | |
| **of which remaining term up to 1 year EUR 18,859.96 (EUR 27,085.55)** | | | |
| Trade receivables | | | |
| Payroll liabilities | | | |
| Liabilities Indian PF | | | |
| Wage and church tax payables | | | |
| Social security liabilities | | | |
| Deductible input tax, 7% | | | |
| Deductible input tax 5% | | | |
| Deductible input tax, 19% | | | |
| VAT, 19% | | | |
| VAT prepayments | | | |
| | | **743,550.33** | **696,530.25** |

# INCOME STATEMENT ACCOUNTS FROM 01/04/2022 TO 31/03/2023

| Description | EUR | Financial Year EUR | Prior Year EUR |
|---|---|---|---|
| **Sales** | | | |
| Revenue, 19% VAT | 1,089,029.15 | | 1,008,984.87 |
| Revenue unbilled 19% VAT | -92,617.38 | | 78,527.69 |
| | | 996,411.77 | 1,087,512.56 |
| **Other operating income** | | | |
| Income from reversal of provisions | | 3,000.00 | 0.00 |
| **Wages and salaries** | | | |
| Wages and salaries | 0.00 | | 100,470.62 |
| Salaries | 722,958.89 | | 770,491.92 |
| Employment agency subsidies | 0.00 | | -155,731.99 |
| Exp. chge. prov. vac. pay | -37,300.00 | | -43,400.00 |
| | | 685,658.89 | 671,830.55 |
| **Social security costs and expenses related to pension plans and for support** | | | |
| Statutory social security expenses | 154,276.78 | | 222,923.72 |
| Contrb. to occup. health/safety agency | 2,900.21 | | 2,788.31 |
| Post-employment benefit costs | 4,715.64 | | 4,688.53 |
| | | 161,892.63 | 230,400.56 |
| **of which in respect of old age pensions EUR 4,715.64 (EUR 4,688.53)** | | | |
| Post-employment benefit costs | | | |
| **Depreciation and amortization** | | | |
| **Of noncurrent intangible assets and property, plant and equipment** | | | |
| Depreciation of tangible fixed assets | | 529.99 | 184.90 |
| **Other operating expenses** | | | |
| Other operating expenses | 2,973.10 | | 0.00 |
| Rent (immovable property) | 2,340.00 | | 35,262.71 |
| Incidental rental/lease exp. (SBI) | -208.30 | | 3,993.73 |
| Gas, electricity, water | 1,773.10 | | 1,664.98 |
| Cleaning | 0.00 | | 900.00 |
| Contributions | 636.88 | | 514.34 |
| Late filing penalties/ admin. fines | 64.00 | | 0.00 |
| Other repairs and maintenance | 0.00 | | 280.00 |
| Employee travel expenses | 0.00 | | 255.69 |
| Employee trav. expn, accommodation costs | 2,747.00 | | 1,590.00 |
| Employee travel expnses, cost of travel | 2,134.59 | | 725.48 |
| Employee trav. expn, addnl substnc costs | 13.00 | | 0.00 |
| Office supplies | 172.90 | | 254.94 |
| Training costs | 954.00 | | 1,966.00 |
| Legal and consulting expenses | 12,288.15 | | 8,792.57 |

| Description | EUR | Financial Year EUR | Prior Year EUR |
|---|---|---|---|
| Period-end closing and audit costs | 10,000.00 | | 23,500.00 |
| Bookkeeping expenses | 28,500.00 | | 27,050.00 |
| Incidental monetary transaction costs | 1,717.17 | | 3,210.65 |
| | | 66,105.59 | 109,961.09 |
| **Taxes on income** | | | |
| Corporate income tax | 12,648.08 | | 7,552.97 |
| Corporate income tax for prior years | -11,328.58 | | 0.00 |
| Trade tax | 4,321.80 | | 0.00 |
| | | 5,641.30 | 7,552.97 |
| **Net income for the financial year** | | **79,583.37** | **67,582.49** |

# NOTES TO THE FINANCIAL STATEMENTS APRIL 01, 2022 TO MARCH 31, 2023

**A. General information**

Satven GmbH, Legal seat Stuttgart, Local court Stuttgart HRB 749841

The financial statements as of March 31, 2023 were prepared according to the accounting regulations of the Commercial Code and the Limited Liability Company Act. For the profit and loss statement the cost categories-oriented format has been chosen. Satven GmbH is a very small corporation according to Sect. 267a para. 1 Commercial Code. The relieves for small corporations according to Sect. 288 Commercial Code have partially been used.

**B. Accounting and Valuation Principles**

The intangibles assets and tangible assets have been accounted for at acquisition cost less linear depreciation. The development of the assets shown in the balance sheet has been shown in Attachment 3/Page 2.

The trade receivables and other assets have been accounted at face value.

The cash has been accounted at face value.

As prepaid expenses are shown payments before the reporting date that represent expenses for a certain period after this date.

The accruals are shown with redemption amount and recognize all risks and contingent liabilities at the balance sheet date with the settlement amount, which is needed under reasonable business judgment.

The liabilities have been accounted with their redemption and all have a maturity of up to one year.

**C. Information**

The company has engaged in the average 12 employees during the interim period.

The acting director in the financial year 2022/2023 was

Mr Rao S. Vadlamudi

……………………,the…………………..

...................................................………

Rao S. Vadlamudi

## C. DEVELOPMENT OF FIXED ASSETS

| | acquisition or production costs | | | | accumulated depreciation | | | | book value | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 4/1/2022 | additions | disposals | 3/31/2023 | 4/1/2022 | additions | disposals | 3/31/2023 | 3/31/2023 | 3/31/2022 |
| | EUR | EUR | EUR | EUR | EUR | EUR | EUR | EUR | EUR | EUR |
| Fixed assets | | | | | | | | | | |
| Office equipment | 12,230.90 | 529.99 | 0.00 | 12,760.89 | 184.90 | 529.99 | 0.00 | 714.89 | 12,046.00 | 12,046.00 |
| | 12,230.90 | 529.99 | 0.00 | 12,760.89 | 184.90 | 529.99 | 0.00 | 714.89 | 12,046.00 | 12,046.00 |

# TECH MAHINDRA SERVIÇOS DE INFORMÁTICA S.A.

**Board of Directors**

Mr. Jaywant Mukundrao Bhosale
Mr. Aniruddha Vinayak Gadre
Mr. Alexandre de Castro

**Registered Office**

Avenida Maria Coelho de Aguiar, 215
Bl C, 5th Floor, Jardim São Luiz, São Paulo, SP
ZIP 05804-000

**Bankers**

Citi Bank
ITAU Bank Santander
Bradesco
Caixa Econômica Federal

**Auditors**

Padrão Auditoria S/S, Brazil

# INDEPENDENT AUDITOR´S REPORT ON FINANCIAL STATEMENTS

To
Shareholders, Board of Directors and Officers
Tech Mahindra Serviços de Informática S.A.
São Paulo - SP

**Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Tech Mahindra Serviços de Informática S.A. (“the Company”) as at March 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRSs). We have audited the financial statements of the Company, which comprise the statement of financial position as at March 31, 2023, and the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

**Basis for Opinion**

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company within the meaning of ethical requirements, applicable law, regulation and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Going concern**

As of March 31, 2023, the Company presents negative equity of -KBRL19,590 and net losses during the year of -KBRL12,288. It has been accumulating operating losses during the prior years. The major creditor is Tech Mahindra Limited, thus, the ongoing business of the Company is directly linked to the determinations from its parent company. The financial statements were prepared under the assumption of normal ongoing business.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil and IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Management is responsible for overseeing the Company’s financial reporting process.

**Auditor’s Responsibilities for the Audit of the Financial Statements**

The objectives of our audit are to obtain reasonable assurance about whether the 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 Brazilian and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and ISAs, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

We are required to communicate with Management 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.

São Paulo, May 19, 2023.

**PADRÃO AUDITORIA S/S**

**CRC-2SP 016.650/O-7**

**SÉRGIO NOBORU OUTAKA**

**Contador CRC 1 SP 129.531/O-8**

# BALANCE SHEETS AS OF MARCH 31, 2023 AND MARCH 31, 2022

(In Thousands of Reais)

| | Note | 31.03.2023 | 31.03.2022 |
|---|---|---|---|
| **CURRENT ASSETS** | | **50,372** | 56,416 |
| Cash and cash equivalentes | 4 | **1,011** | 448 |
| Trade accounts receivable | 5 | **32,366** | 43,026 |
| Taxes recoverable | | **4,442** | 3,760 |
| Related parties | 10 | **9,626** | 5,089 |
| Other receivables | | **2,927** | 4,093 |
| **NON-CURRENT ASSETS** | | **21,565** | 22,646 |
| Related parties | 10 | **1** | 1 |
| Property & equipment | 6 | **1,205** | 1,682 |
| Intangible assets | 7 | **103** | 247 |
| Judicial deposits | | **6,954** | 6,954 |
| Investments | | **1** | 1 |
| Other receivables | | **12,802** | 12,801 |
| Rights of use | 8 | **499** | 960 |
| **TOTAL ASSETS** | | **71,937** | 79,062 |
| **CURRENT LIABILITIES** | | **44,362** | 45,186 |
| Trade accounts payable | | **719** | 2,006 |
| Salary and social charges | | **9,488** | 8,938 |
| Taxes liabilities | | **199** | 334 |
| Loans and financing | 9 | **15,034** | 13,880 |
| Related parties | 10 | **14** | - |
| Leases | 8 | **53** | 515 |
| Other liabilities | | **18,855** | 19,513 |
| **NON-CURRENT LIABILITIES** | | **47,165** | 41,178 |
| Provision for contingencies | 11 | **46,719** | 40,733 |
| Leases | 8 | **446** | 445 |
| **EQUITY** | 12 | **(19,590)** | (7,302) |
| Capital | | **253,324** | 253,324 |
| Other equity | | **-** | (1) |
| Retained losses | | **(272,914)** | (260,625) |
| **TOTAL LIABILITIES AND EQUITY** | | **71,937** | 79,062 |

See accompanying notes.

# INCOME STATEMENTS FOR THE YEAR ENDED AS OF MARCH 31, 2023 AND 2022

(In Thousands of Reais)

| | Note | 31.03.2023 | 31.03.2022 |
|---|---|---|---|
| Net operating revenue | | **144,345** | 125,601 |
| Cost of services rendered | | **(138,773)** | (97,395) |
| **Gross profit** | | **5,572** | 28,206 |
| General and administrative expenses | | **(19,623)** | (20,323) |
| Other operating income | | **6,967** | 23,147 |
| **Operating income / (expenses)** | | **12,656** | 2,824 |
| Financial income | | **1,625** | 15,402 |
| Financial expenses | | **(6,830)** | (12,311) |
| **Financial result** | | **5,205** | 3,091 |
| **(Loss) / Income before income and social contribution taxes** | | **(12,289)** | 34,121 |
| Income tax and social contribution | | **-** | - |
| **Total of income tax and social contribution** | | **-** | - |
| **(Loss) / Income for the year** | | **(12,289)** | 34,121 |
| (Losses) / Earnings per unit of interest – R$ | 16 | **(0.063)** | 0.176 |

See accompanying notes.

# OTHER COMPREHENSIVE INCOME AS OF MARCH 31, 2023 AND 2022

(In Thousands of Reais)

| **EVENTS** | **31.03.2023** | 31.03.2022 |
|---|---|---|
| (Loss) / Income for the year | **(12,289)** | 34,121 |
| Other comprehensive income | **-** | - |
| **Total** | **(12,289)** | 34,121 |

See accompanying notes.

# STATEMENTS OF CHANGES IN EQUITY AS OF MARCH 31, 2023 AND 2022

(In Thousands of Reais)

| EVENTS | CAPITAL | OTHER EQUITY (Note 8) | RETAINED LOSSES | TOTAL |
|---|---|---|---|---|
| Balances at 31.03.2021 | **118,270** | **(943)** | **(294,746)** | **(177,419)** |
| Capital increase | 135,054 | - | - | 135,054 |
| CPC 06 – R2 / IFRS 16 adjustments (Note 8) | - | 942 | - | 942 |
| Net income for the year | - | - | 34,121 | 34,121 |
| Balances at 31.03.2022 | **253,324** | **(1)** | **(260,625)** | **(7,302)** |
| CPC 06 – R2 / IFRS 16 adjustments (Note 8) | - | 1 | - | 1 |
| Loss for the year | - | - | (12,289) | (12,289) |
| Balances at 31.03.2023 | **253,324** | **-** | **(272,914)** | **(19,590)** |

See accompanying

# CASH FLOW STATEMENTS AS OF MARCH 31, 2023 AND 2022

| | | (In Thousands of Reais) |
|---|---|---|
| **Cash flow from operating activities** | **31.03.2023** | 31.03.2022 |
| Income (Losses) before income and social contribution taxes | **12,289** | 34,121 |
| Adjustments to reconcile net income to cash and cash equivalents provided by operating activities: | | |
| Depreciation and amortization | **1,065** | 1,422 |
| Allowance for doubtful accounts | **(1,078)** | - |
| Provisions | **5,986** | (23,200) |
| Net book value of fixed asset disposals | **3** | 54 |
| Decrease (increase) in assets: | | |
| Trade accounts receivable | **11,738** | (9,685) |
| Taxes recoverable | **(682)** | (2,138) |
| Other receivables | **(1,165)** | (9,619) |
| Related parties | **(4,537)** | (2,507) |
| Financial instruments derivatives | **-** | - |
| Judicial deposits | **-** | (5,592) |
| Increase (decrease) in liabilities: | | |
| Trade accounts payable | **(1,287)** | 891 |
| Taxes payable and others | **415** | 1,849 |
| Related parties | **14** | (129,713) |
| Leases | **1** | 6 |
| Other liabilities | **(658)** | 3,136 |
| **Net cash provided by operating activities** | **(144)** | (140,975) |
| **Cash flow from investing activities** | | |
| Fixed asset and intangible purchases | **(447)** | (68) |
| **Net cash used in investing activities** | **(447)** | (68) |
| **Cash flow from financing activities** | | |
| Increase (decrease) in loans and financing | **1,154** | 5,810 |
| Capital increase | **-** | 135,054 |
| **Net cash provided by financing activities** | **1,154** | 140,864 |
| **Increase (Decrease) in cash and cash equivalents** | **563** | (179) |
| **Cash and cash equivalents** | | |
| Cash and cash equivalents at the beginning of the year | **448** | 627 |
| Cash and cash equivalents at the end of the year | **1,011** | 448 |

See accompanying notes.

# NOTES TO FINANCIAL STATEMENTS AS OF MARCH 31, 2023 AND 2022

(In Thousands of Reais)

## 1. Operations

Tech Mahindra Serviços de Informática S.A. (“Tech Mahindra” or “Company”) is a closely held corporation and primarily engaged in rendering consulting services related to information technology, implementation of projects and selling software. The Company is located in São Paulo city.

On January 1st, 2017, Tech Mahindra Serviços de Informática S.A. incorporated Complex IT Solution Consultoria em Informática S.A.

On May 21, 2021, Tech Mahindra Serviços de Informática S.A. created the business process outsourcing company called Tech Mahindra Serviços de Informática Ltda. (100% of shares). As of March 31, 2023, the Company is development the pre-operating business and the amounts were recorded on “investment line” on non-current assets.

## 2. Basis for preparation and presentation of financial statements

Authorization to complete these financial statements was given at the General Meeting held on May 19, 2023.

The financial statements were prepared in accordance with several assessment bases used in the accounting estimates. Accounting estimates involved in the preparation of the financial statements were based on both objective and subjective factors, and in line with management’s judgment to determine the appropriate amounts to be recorded in the financial statements. Significant items subject to these estimates and assumptions include selection of useful lives of property and equipment and their recoverability on operations in operations, measurement of financial assets at fair value and under the present value method, credit risk analysis to determine the allowance for doubtful accounts, as well as other risk analysis to determine other provisions, including provision for contingencies.

Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the probability treatment inherent to the estimation process. The Company reviews its estimates and assumptions at least once a year.

The financial statements were prepared in accordance with accounting practices adopted in Brazil, which comprise the Brazilian Corporation Laws, the standards issued by the Brazilian Securities and Exchange Commission (CVM), and pronouncements, interpretations and guidance issued by the Brazilian FASB (CPC), as well as in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

## 3. Summary of significant accounting practices

### 3.1. Translation of foreign currency-denominated balances

#### 3.1.1Functional and reporting currency

The Company’s functional currency is the Brazilian real, same currency for preparation and presentation of the financial statements.

#### 3.1.2Transactions denominated in foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency (Real) using the exchange rate of balance sheet date. Gains and losses resulting from the restatement of these assets and liabilities due to exchange rate variation between transaction date and year end are recognized as financial income or financial expenses in the income statement.

### 3.2. Revenue recognition

Revenues are stated on the accrual basis of accounting. Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and when it can be reliably measured.

### 3.3. Taxation

#### 3.3.1.Sales taxes

Sales and service revenues are subject to the taxes and social contributions below, at the following statutory rates:

- Social Contribution Tax on Gross Revenue for Social Integration Program (PIS) 0,65%;
- Social Contribution Tax on Gross Revenue for Social Security Financing (COFINS) 3,00%;
- Service tax (ISS) – 2% to 5%.

#### 3.3.2.Current income and social contribution taxes

Taxable profit comprises income and social contribution taxes, Income tax is calculated at a rate of 15%, plus a surtax of 10% on taxable profit exceeding R$240 over 12 months, whereas social contribution tax is computed at a rate of 9% on taxable profit, both recognized on an accrual basis; therefore additions to book income of temporarily nondeductible expenses or exclusions of temporarily non-taxable income upon determination of current taxable profit generate deferred tax assets or liabilities.

Prepaid or recoverable taxes are stated in current or non-current assets, according to the forecast of realization thereof.

### 3.4. Cash and cash equivalents

These include cash, bank account balances and short-term investments redeemable within 90 days from the transaction dates, subject to insignificant risk of change in their market value. Short-term investments included in cash equivalents are mostly classified as “financial assets at fair value through profit or loss”.

### 3.5. Property & equipment

These are recorded at acquisition cost. Depreciation of assets is calculated on a straight-line basis and takes into consideration the estimated economic useful lives of assets.

A property and equipment item is written off when sold or when no future economic benefit is expected to arise from its use or sale. Gains or losses arising from de-recognition of an asset (measured as the difference between the net disposal proceeds and the carrying amount of the asset) are recognized in the statement of income in the period which the asset is derecognized.

The net book value and useful lives of the assets and the depreciation methods are reviewed at period end, and adjusted prospectively, when applicable.

After calculating net book value of property and equipment for financial statement purposes, the Company determines whether it is necessary to recognize additional loss of property and equipment value aggregated with other assets, such as investments and intangible assets in cash-generating units.

Due to changes in Brazilian accounting practices on the path to full convergence with international standards, first-time adopters of Accounting Pronouncements CPC 27 (IAS 16) and CPC 28 (IAS 40) may elect to make adjustments to their opening balances similarly to those allowed by international financial reporting standards, using the deemed cost concept as provided for in CPC 37 (IFRS 1) and CPC 43.

### 3.6. Intangible assets

Intangible assets acquired separately are measured at cost upon their initial recognition. After initial recognition, intangible assets are stated at cost, less accumulated amortization and impairment. Intangible assets are represented by goodwill related to acquisition of Complex IT Solution Consultoria em Informática S.A. and software. The useful life of intangible assets is considered finite or indefinite.

Finite intangible assets are amortized over their economic useful lives and are tested for impairment whenever there is any indication of impairment loss. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. Amortization of intangible assets with finite lives is recognized in the income statement in the expense category consistent with the use of the intangible asset.

Gains and losses arising from write-off of an intangible asset are measured as the difference between the net sales price and the book value of the asset, recognized in the income statement at the write-off of the asset.

**3.7. Impairment of assets**

Management annually reviews the net book value of assets in order to evaluate events or changes in economic, operating or technological circumstances that may indicate deterioration or impairment. When such evidence is identified and the net book value exceeds the recoverable value, a provision for impairment is setup, adjusting the net book value to the recoverable value.

The recoverable value of an asset or group of assets is defined as the higher of value in use or the net sales value.

In estimating the asset's value in use, the estimated future cash flows are discounted to their present value, using a discount rate before taxes that reflects the weighted average cost of capital for the segment where the cash-generating unit operates. Whenever possible, the net sales value is determined based on firm sale agreements in transactions made on an arm's length basis between knowledgeable and willing parties, adjusted by expenses attributed to asset sales or, when there is no firm sale agreement, based on the market price of an active market, or the most recent transaction price with similar assets.

**3.8. Provisions**

**3.8.1General**

Provisions are recognized when the Company has a legal or constructive obligation due to a past event, it is probable that economic resources will be required to settle it and a reliable estimate of the obligation amount may be made. When the Company expects that the amount of a provision will be refunded, in full or in part, the refund is recognized as a separate asset, but only when the refund is virtually certain. The expense related to any provision is stated in the income statement, net of any refund.

**3.8.2 Provision for litigation**

The Company is a party in judicial and administrative proceedings. Provisions are set up for all judicial proceedings involving probable cash outlays to settle them and that may be reliably estimated, if applicable.

The assessment of the likelihood of loss includes analysis of available evidence, hierarchy of laws, available case law, recent court decisions and their relevance for the legislation in force, as well as the opinion of the Company's outside legal counsel.

These provisions are reviewed and adjusted to consider changes in circumstances, such as applicable statute-barring period, conclusions of tax audits or additional exposures found based on new issues or court decisions, if applicable.

The provision for contingencies is determined by management based on expected amount of loss involved by each contingency based on the opinion of the Company's legal advisors, for amounts considered sufficient to cover losses and risks, if applicable.

**3.9. Financial instruments**

The Company's financial instruments comprise trade accounts receivable, other receivables, trade accounts payable, other liabilities, financial instruments derivatives and related parties.

The instruments are only recognized as from the date the Company becomes a party to the contractual provisions of financial instruments.

They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, excepting financial assets and liabilities classified as at fair value through profit or loss, when such costs are directly posted to income statement for the year. They are subsequently measured at each balance sheet date in accordance with the rules established for each type of classification of financial assets and liabilities.

**3.9.1 Financial assets: These are classified in the following categories based on the purpose for which they were acquired or issued:**

a) Financial assets at fair value through profit or loss: Include financial assets held for trading and financial assets initially recognized at fair value through profit or loss. Financial assets are classified as held for trading if acquired to be sold within short term.

The Company evaluated its financial assets at fair value through profit or loss since it intends to trade them within short term.

When the Company is unable to trade these financial assets as a consequence of market inactivity, and management intention of selling them in the near future changes significantly, the Company may opt to reclassify these financial assets in certain circumstances. The reclassification to loans and accounts receivable, available for sale or held to maturity depends on asset nature. This evaluation does not affect any financial assets classified as at fair value through profit or loss using the option of fair value upon presentation.

b) Loans and receivables: Loans and receivables are non-derivative financial assets, with fixed or determinable payments, not quoted in an active market. After initial measurement, these financial assets are stated at amortized cost, using effective interest rate method, less impairment loss. Trade accounts receivable and other receivables were classified in this category.

**3.9.2 Financial liabilities: These are classified in the following categories based on the nature of financial instruments taken out or issued:**

a) Financial liabilities at fair value through profit or loss: These include financial liabilities held for trading and liabilities designated upon initial recognition at fair value through profit or loss.

They are classified as held for trading when acquired with the objective of sale or repurchase in the short term. Derivative financial instruments are classified as held for trading. They are measured at fair value at every balance sheet date.

Interest, monetary restatement, exchange variation and variations resulting from fair value valuation are recognized in P&L when incurred in financial income or expenses.

b) Loans and financing: Non-derivative financial liabilities that are not usually traded before maturity.

After initial recognition, they are subsequently measured at amortized cost using the effective interest rate method. Interest, monetary and exchange variation, as applicable, are recognized in P&L when incurred, Trade accounts payable, other liabilities and related parties were classified in this category.

3.9.3 Market value: The market value of financial instruments actively traded in organized markets is determined based on quoted values in the market at balance sheet date, In case there is no active market, market value is determined through valuation techniques. These techniques include the use of recent market transactions between unrelated parties, reference to market value of similar financial instruments, analysis of discounted cash flows or other valuation models.

**3.10.Present value adjustment of assets and liabilities**

Non-current monetary assets and liabilities are adjusted at present value, and also current ones but only when the effect is considered significant in relation to the overall financial statements. Present value adjustment is calculated taking into consideration contractual cash flows and the express interest rate and, in certain cases, the implicit interest rate of the related assets and liabilities. As such, embedded interest in revenues, expenses and costs related to these assets and liabilities is discounted in order to be recognized on the accrual basis of accounting.

Subsequently, such interest is relocated in the lines of financial expenses and financial income in the income statement using the effective interest rate method in relation to the contractual cash flows. Applied implicit interest rates were determined based on assumptions and are considered accounting estimates.

### 3.11. Significant accounting judgments, estimates and assumptions

The Company's financial statements were prepared considering different valuation bases used in accounting estimates. The accounting estimates involved in the preparation of the individual and consolidated financial statements were based on objective and subjective factors, considering management's judgment to determine the appropriate amounts to be recorded in the financial statements.

Significant items subject to these estimates and assumptions include the selection of the useful life of property and equipment items and their recoverability in operations; the evaluation of financial assets at fair value; assessment of the credit risk for the determination of the allowance for doubtful accounts, as well as the analysis of other risks to determine other provisions, including the provisions for guarantees, realization of tax credits and contingencies. Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the probabilistic treatment inherent to the estimate process. The Company periodically reviews its estimates and assumptions at least once a year.

#### 3.11.1 Impairment of non-financial assets

Impairment loss exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of fair value less cost to sell and value in use. The calculation of fair value less cost to sell is based on information available on sale transactions of similar assets or market price less additional costs to dispose of the asset.

#### 3.11.2 Taxes

There are uncertainties regarding the interpretation of complex tax regulations and the amount and term of future taxable income. The long-term nature and the complexity of existing contractual instruments, differences between actual results and assumptions adopted, or future changes in these assumptions could require future adjustments in the already recorded revenue and tax expenses.

The Company sets up provisions, based on reasonable estimates of the possible consequences of audits by tax authorities in respective jurisdictions in which it operates.

The value of these provisions is based on various factors such as previous experience of tax audits and differing interpretations of tax regulations by the taxed entity and the respective tax authority. These differences of interpretation may arise on a wide variety of subjects depending on conditions prevailing in the Company's domicile.

Significant judgment from management is required to determine the value of deferred tax assets that can be recognized based on the probable term and level of future taxable income together with future tax planning strategies.

#### 3.11.3 Provision for litigation

The Company recognizes provision for civil, tax and labor proceedings, as applicable. The assessment of the chances of loss includes analysis of available evidence, hierarchy of laws, available case law, recent court decisions and their relevance in the legal system, as well as the opinion of the Company's outside legal counsel. These provisions are reviewed and adjusted to consider changes in circumstances, such as applicable statute-barring period, conclusions of tax audits or additional exposures found based on new issues or court decisions.

### 3.12. Cash flow statements

Cash flow statements were prepared by the indirect method and are presented in accordance with CPC 03 (R2) – Cash Flow Statements, issued by Brazilian FASB (CPC).

### 3.13.Business combination and goodwill

When acquiring a business, the Company assesses the financial assets and financial liabilities assumed in order to classify and allocate them according to the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Initially, goodwill is measured as the excess of the consideration transferred over the net assets acquired (net identifiable assets acquired and liabilities assumed). If the consideration is less than the fair value of net assets acquired, the difference is recognized as a gain in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Company´s cash generating units that are expected to benefit from the synergies of the combination.

## 4. Cash and cash equivalents

| | **31.03.2023** | 31.03.2022 |
|---|---|---|
| Cash and Banks | **22** | 398 |
| Short term investments | **989** | 50 |
| | **1,011** | 448 |

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or any other purposes.

## 5. Trade accounts receivable

| | **31.03.2023** | 31.03.2022 |
|---|---|---|
| Accounts receivable – invoiced | **18,793** | 28,574 |
| Accounts receivable – invoices to be issued | **13,573** | 15,530 |
| (-) Provision for doubtful accounts | **-** | (1,078) |
| | **32,366** | 43,026 |

| | **31.03.2023** | 31.03.2022 |
|---|---|---|
| Balances at the beginning of the year | **(1,078)** | (1,391) |
| Provision set up (+) | **-** | - |
| Write-off (-) | **1,078** | - |
| Recovered amounts (-) | **-** | 313 |
| Balance at the end of the year | **-** | (1,078) |

## 6. Property and equipment

The details of fixed assets are disclosed as follows:

| | Improvements | Machines and equipments | Furniture and fixtures | Vehicles | Others | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balances at March 31, 2021 | 4,081 | 6,603 | 1,748 | 63 | 43 | 12,538 |
| Additions | - | 68 | - | - | - | 68 |
| Disposals | - | - | (187) | - | - | (187) |
| Balances at March 31, 2022 | 4,081 | 6,671 | 1,561 | 63 | 43 | 12,419 |
| Additions | - | 439 | 8 | - | - | 447 |
| Disposals | - | - | (6) | - | - | (6) |
| Balances at March 31, 2023 | 4,081 | 7,110 | 1,563 | 63 | 43 | 12,860 |
| **Depreciation** | | | | | | |
| Balances at March 31, 2021 | (4,052) | (4,716) | (812) | (47) | (31) | (9,658) |
| Depreciation | (29) | (1,007) | (157) | (12) | (7) | (1,212) |
| Disposals | - | - | 133 | - | - | 133 |
| Balances at March 31, 2022 | (4,081) | (5,723) | (836) | (59) | (38) | (10,737) |
| Depreciation for the year | - | (757) | (156) | (3) | (4) | (920) |
| Disposals | - | - | 3 | - | - | 3 |
| Balances at March 31, 2023 | (4,081) | (6,480) | (989) | (62) | (42) | (11,654) |
| **Net value** | | | | | | |
| Balances at March 31, 2021 | 29 | 1,887 | 936 | 16 | 12 | 2,880 |
| Balances at March 31, 2022 | - | 948 | 725 | 4 | 5 | 1,682 |
| Balances at March 31, 2023 | - | 630 | 566 | 1 | 1 | 1,205 |
| Average rate of annual depreciation | 4% | 10% | 10% | 20% | 5% to 20% | |

## 7. Intangible assets

On May 02, 2013, the Company acquired 51% of Complex IT Solution Consultoria em Informática S.A. ("Complex IT") shares. During May 2013, the Company paid an anticipation value which generates a temporary goodwill amount to R$10,739. On December 30, 2014, the Company acquired the remaining 49% of Complex IT Solution shares and recognized the amount of R$26,089 totalizing R$36,828 related to goodwill. Additionally, on January 1st, 2017, Tech Mahindra incorporated Complex IT Solution figure´s.

During 2021, the Company accrued the goodwill impairment amounting to R$36,828 based on value in use which represents the present value of future cash flows.

The remaining amount is composed by software license an amount of R$103 (R$247 as of March 31, 2022).

## 8. Leases

As of April 1st, 2019, the Company adopted the CPC06 (R2) / IFRS 16, with effect on shareholders' equity.

| | 31.03.2021 | Additions | Amortization | 31.03.2022 | Additions | Amortization | 31.03.2023 |
|---|---|---|---|---|---|---|---|
| Rights of use | | | | | | | |
| Offices - ~ 36 months | 417 | 987 | (444) | 960 | 52 | (513) | 499 |
| **Total assets** | **417** | **987** | **(444)** | **960** | **52** | **(513)** | **499** |

| Liabilities | 31.03.2021 | Interests | Payments | 31.03.2022 | Interests | Payments | 31.03.2023 |
|---|---|---|---|---|---|---|---|
| Offices - ~ 36 months | 1,353 | 51 | (444) | 960 | 52 | (513) | 499 |
| **Total liabilities** | **1,353** | **51** | **(444)** | **960** | **52** | **(513)** | **499** |
| Current liabilities | **1,353** | | | **515** | | | **53** |
| Non-current liabilities | **-** | | | **445** | | | **446** |

| Other equity | 31.03.2021 | Amortization and interest/ Disposals | Payments | 31.03.2022 | Amortization and interest/ Disposals | Payments | 31.03.2023 |
|---|---|---|---|---|---|---|---|
| Offices - ~ 36 months | 943 | (498) | (444) | 1 | (1) | - | - |
| **Total other equity** | **943** | **(498)** | **(444)** | **1** | **(1)** | **-** | **-** |

## 9. Loan and financing

| | Average anual Interest | Beginning Date | Maturity Date | 31.03.2023 | 31.03.2022 |
|---|---|---|---|---|---|
| **Current liabilities** | | | | | |
| Bank Citibank (K Giro) | 3.5%+100% of CDI | 10/10/2022 | 02/10/2023 | **15,034** | - |
| Bank Citibank (Garantida) | 100% of CDI+3% | 23/01/2021 | - | **-** | 9,815 |
| Bank Citibank (K Giro) | 8.54% | 21/01/2022 | 21/01/2023 | **-** | 1,524 |
| Bank Citibank (K Giro) | 8.54% | 21/01/2022 | 21/01/2023 | **-** | 2,541 |
| | | | | **15,034** | 13,880 |

## 10. Related parties

Operation with related party refers to consulting services rendered to Tech Mahindra Limited. As of March 31, 2023 and 2022, the amounts are summarized as follows:

| | 31.03.2023 | 31.03.2022 |
|---|---|---|
| Tech Mahindra Limited – billed | **3,893** | 555 |
| Digital One US Inc. – billed | **355** | 369 |
| Tech Mahindra Limited – unbilled | **5,065** | 4,082 |
| Digital One US Inc. – unbilled | **313** | 83 |
| **Total current assets** | **9,626** | 5,089 |
| Tech Mahindra Limited | **1** | 1 |
| **Total non-current assets** | **1** | 1 |
| LCC Central America de Mexico de C.V. | **14** | - |
| **Total current liabilities** | **14** | - |

Remuneration of key management

Expenses related to remuneration of key management personnel of the Company, recognized in P&L an amount of R$3.917 at March 31, 2023 (R$5,047 at March 31, 2022).

## 11. Provision for contingencies

The Company, in the normal course of its operations, is a party to judicial proceedings. Management, based on information from its legal advisors and the analysis of judicial proceedings pending judgment, concluded and set up a provision amounting to R$46,719 (R$40,733 as of March 31, 2022) related to labour, tax and civil causes classified as probable loss risk assessment.

## 12. Equity

As of March 31, 2023, the capital is represented by 194,189,059 (One hundred ninety four millions, one hundred eighty nine thousand, fifty nine) shares totalizing an amount of R$253,324,118.00 (Two hundred and fifty three millions, three hundred, twenty four thousands, one hundred and eighteen Reais) recorded as follows:

| Shareholders | Nº Quotas | % |
|---|---|---|
| Tech Mahindra Limited | 194,189,059 | 100,00 |
| | **194,189,059** | **100,00** |

## 13. Financial instrument and risk management

### 13.1 Risk management

As mentioned in Note 1, the Company primarily engaged in rendering consulting services related to information technology, implementation of projects and selling software.

The key market risks faced by the Company in the normal course of its businesses are as follows:

- Credit risk: arises from possible difficulty in settling accounts receivable from customers. This risk is managed by means of a credit analysis policy.
- Market risk: the Company is exposed to market risk that can impact your cash flow.
- Liquidity risk: consists of the possibility of the Company not having sufficient funds to honor its commitments due to the different terms for settlement of its rights and obligations. The Company’s liquidity and cash flow control is monitored by the Company’s financial management department, to ensure that cash flow from operations and the previous funding, when necessary, are sufficient to meet its commitment schedule, not generating liquidity risks for the Company.

**13.2Financial instruments**

(a) **Financial instruments**

We set out below a comparison between book value and fair value of the Company's financial instruments presented in the financial statements:

| **Financial assets** | **31.03.2023** | 31.03.2022 | **31.03.2023** | 31.03.2022 |
|---|---|---|---|---|
| Cash and cash equivalents | **Book value** | Book value | **Fair value** | Fair value |
| | **1,011** | 448 | **1,011** | 448 |
| Trade accounts receivable | **32,366** | 43,026 | **32,366** | 43,026 |
| Taxes recoverable | **4,442** | 3,760 | **4,442** | 3,760 |
| Related parties | **9,627** | 5,090 | **9,627** | 5,090 |
| Other receivables | **2,927** | 4,093 | **2,927** | 4,093 |
| | **50,373** | 56,417 | **50,373** | 56,417 |

| **Financial liabilities** | **31.03.2023** | 31.03.2022 | **31.03.2023** | 31.03.2022 |
|---|---|---|---|---|
| Trade accounts payable | **Book value** | Book value | **Fair value** | Fair value |
| | **719** | 2,006 | **719** | 2,006 |
| Salary and social charges | **9,488** | 8,938 | **9,488** | 8,938 |
| Taxes liabilities | **199** | 334 | **199** | 334 |
| Loans and financing | **15,034** | 13,880 | **15,034** | 13,880 |
| Related parties | **14** | - | **14** | - |
| Other liabilities | **18,855** | 19,513 | **18,855** | 19,513 |
| | **44,309** | 44,671 | **44,309** | 44,671 |

**(b) Derivatives**

There is no financial instruments derivatives as of Mach 31, 2023 and 2022.

**14. Insurance coverage (unaudited)**

At March 31, 2023 and 2022, insurance coverage taken out is considered sufficient by management to cover losses, if any. As these refer to immaterial amounts, they were not audited.

**15. Capital management**

Management's objective is to ensure reduced exposure to market risk in order to attain the growth and return objective.

Following the global management policy, in order to reduce any risks, the Company maintains relationships only with first tier financial institutions.

## 16. Earnings (losses) per unit of interest

Calculation of basic earnings (losses) per unit of interest is made by dividing net income (loss) for the year attributed to holders of the Company's units of interest by the weighted average number of units of interest available in the year ended.

The chart below sets out net income and units of interest used in the calculation of basic and diluted earnings per unit of interest:

| | **31.03.2023** | 31.03.2022 |
|---|---|---|
| Basic and diluted earnings per unit of interest | | |
| Numerator | | |
| (Loss) / Income for the year attributed to Company unit of interest holders (in thousands of reais) | **(12,289)** | 34,121 |
| Denominator (in units of interest) | | |
| Weighted average number of units of interest | 194,189,059 | 194,189,059 |
| Basic and diluted (losses) earnings per units of interest (in R$) | **(0.063)** | 0.176 |

# MANAGEMENT LETTER COMMENTS

| Component Name: | TECH MAHINDRA SERVIÇOS DE INFORMÁTICA S.A. | Year End: | March 31, 2023 |
|---|---|---|---|

During the performance of our engagement, we noted the following findings. We have discussed these findings with component management and have included management's response.

<table>
<tr><th>Title</th><th>Findings</th><th>Recommendations</th><th>Component Management Response</th><th>Describe resolution (if any)</th></tr>
<tr><td>Provision for contingencies</td><td>As of March 31, 2023, the Company has accrued an amounting to KBRL46,719 related to provision for contingencies which is disclosed as following:
<table>
<tr><th>Description</th><th>KBRL</th><th>Ref.</th></tr>
<tr><td>Civil</td><td>12,787</td><td>(a)</td></tr>
<tr><td>Labour</td><td>13,214</td><td></td></tr>
<tr><td>Tax</td><td>20,718</td><td>(b)</td></tr>
<tr><td>Total</td><td>46,719</td><td></td></tr>
</table>
(a) We did not identify evidences or support documentation related to provision calculation.<br>
(b) External attorneys classified as possible loss risk.<br>
We received the confirmation letter from external attorneys and identified an amount of KBRL15,259 related to causes with probable loss risk:
<table>
<tr><th>Description</th><th>KBRL</th></tr>
<tr><td>Civil – Cordeiro Lima / Trench Rossi</td><td>1,607</td></tr>
<tr><td>Labour – MM Ayres</td><td>13,652</td></tr>
<tr><td>Tax – Cordeiro Lima</td><td>-</td></tr>
<tr><td>Total</td><td>15,259</td></tr>
</table>
</td><td>We recommend to the Local Management to evaluate the provisions and recognize the amounts disclosed by the external attorneys.</td><td>a) Based on invoiced balance and expenses from third party related services this provisions was created to MPSC<br>b) This provision will plan to be reversal in the next fiscal year</td><td></td></tr>
</table>

| | | | | |
|---|---|---|---|---|
| Other accounts receivables – non-current assets | As of March 31, 2023, the Company has recorded an amount of KBRL11,899 in non-current assets due to judicial deposits paid from former employees generated by Complex IT Solution acquisition. | For the 2024 closing, we recommend to the Local Management to development the collection process in order to keep those assets realization. | We are awaiting labor lawyer return | |
| Employee´s indirect benefits – fringe benefits | During 2018 and 2019, the Company received a notification from Tax Authorities and the updated amount as of March 31, 2023 is KBRL24,571.<br><br>The external lawyer classified the issue as “possible” loss risk. As of March 31, 2023, the local management did not accrue the provision based on external attorney opinion.<br><br>We emphasize that on acquisition contract “Private Agreement of Joint Venture, Purchase and Sales of Shares and Others Covenants” on paragraph 21.1 describes that: “Always when a suit occurs, of any nature, labour, civil, tax or any other, referring to period of Complex or Shelf Company´s liability, Complex or Intervener Parties will have to prove that has provision to honor with a possible condemnation. Complex or Intervener Partier will keep Mahindra Satyam and Joint Venture indemnified from all such claims” and on paragraph 21.2 describes that: “If Complex or Intervener Parties fails to prove its provision, Tech Mahindra shall make withholdings or deductions of the payments of Transaction Price...” | We recommend that the local management to monitors this issue in order to avoid labour and social security risks. | We are following the lawyer recommendation | |

We discussed the findings listed above and our recommendations with the management board on May 19, 2023.

# TECH MAHINDRA LONDON LIMITED

**Directors**

Mr L Chidambaram
Mr Vikram Nair
Mr Bhushan Patil - from 22nd September 2022
Mr Manish Upadhyay

**Company number**

04117035

**Registered office**

Atrium Court
The Ring
Bracknell
Berkshire
RG12 1BW

**Auditor**

Crouchers Ltd
2 Copperhouse Court
Caldecotte Business Park
Milton Keynes
Buckinghamshire
MK7 8NL

# DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 MARCH 2023**

The directors present their annual report and financial statements for the year ended 31 March 2023.

**Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr L Chidambaram
Mr Vikram Nair
Mr Bhushan Patil - Appointed on 22 September 2022
Mr Manish Upadhyay
Mr S Belavadi Krishna Rao - Resigned on 1 August 2022

**Statement of disclosure to auditor**

Each of the persons who are director at the time when this Director's report is approved has confirmed that :

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Auditors**

The auditors, Crouchers Ltd, will be proposed for reappointment in accordance with section- 485 of the Companies Act 2006.

**Small companies exemption**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

**Vikram Nair**
Director
Date: 16 June 2023

# DIRECTORS' RESPONSIBILITIES STATEMENT

**FOR THE YEAR ENDED 31 MARCH 2023**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting standard 102 " The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give as true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

**In preparing these financial statements, the directors are required to :**

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The director's are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Director's reports may differ from legislation in other jurisdictions.

**Results and dividends**

The profit for the year, after taxation, amounted to £3,979,885 (2022 - £8,476,215).

No ordinary dividends were paid. The director's do not recommend payment of a final dividend.

# INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF TECH MAHINDRA LONDON LIMITED**

### Opinion

We have audited the financial statements of Tech Mahindra London Limited (the 'company') for the year ended 31 March 2023 which comprise the statement of comprehensive income, the balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

**In our opinion the financial statements:**

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the directors' report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit; or

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the 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 ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedure in line with out responsibilities, outlined above, to detect material misstatements in resprect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities including fraud is detailed below :

- Discussion held with management and those charged with governance around any legal claim.

- Audit work performed over key risk areas identified such as management override and reviewing accounting estimates for bias.

- Review of financial statement disclosures to ensure accounting policies have been correctly followed.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https:// www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Mr D P Croucher BSc (Hons) FCCA ACA Senior Statutory Auditor**

For and on behalf of Crouchers Ltd — Date: 19 June 2023

Chartered Accountants

Statutory Auditor 2 Copperhouse Court

Caldecotte Business Park Milton Keynes Buckinghamshire

MK7 8NL

# STATEMENT OF COMPREHENSIVE INCOME

**FOR THE YEAR ENDED 31 MARCH 2023**

| | Notes | **2023** | 2022 |
|---|---|---|---|
| | | **£** | £ |
| | | **(1,260,445)** | (293,258) |
| Administrative expenses | | | |
| Other operating income | | **3,000** | - |
| **Operating loss** | | **(1,257,445)** | (293,258) |
| Income from shares in group undertakings | 4 | **6,930,672** | - |
| Income from other fixed asset investments | 4 | **199,283** | 4,101 |
| Interest receivable from group undertakings | 4 | **49,267** | 96,537 |
| Amounts written off investments | | **(1,941,892)** | 8,668,835 |
| **Profit before taxation** | | **3,979,885** | 8,476,215 |
| **Tax on profit** | | **-** | - |
| **Profit for the financial year** | | **3,979,885** | 8,476,215 |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# BALANCE SHEET

**AS AT 31 MARCH 2023**

| | Notes | **2023** £ | **2023** £ | 2022 £ | 2022 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Investments | 5 | | **315,015,719** | | 313,600,844 |
| **Current assets** | | | | | |
| Debtors falling due after more than one year | 6 | **64,837** | | 64,837 | |
| Debtors falling due within one year | 6 | **2,907,123** | | 1,056,032 | |
| Investments | 7 | **7,625,535** | | 25,400,000 | |
| Cash at bank and in hand | | **261,719** | | 277,693 | |
| | | **10,859,214** | | 26,798,562 | |
| **Creditors: amounts falling due within one year** | 8 | **(18,584,914)** | | (8,442) | |
| **Net current (liabilities)/assets** | | | **(7,725,700)** | | 26,790,120 |
| **Total assets less current liabilities** | | | **307,290,019** | | 340,390,964 |
| **Creditors: amounts falling due after more than one year** | 9 | | **(42,076,204)** | | (79,157,034) |
| **Net assets** | | | **265,213,815** | | 261,233,930 |
| **Capital and reserves** | | | | | |
| Called up share capital | | | **262,026,580** | | 262,026,580 |
| Profit and loss reserves | | | **3,187,235** | | (792,650) |
| **Total equity** | | | **265,213,815** | | 261,233,930 |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 16-June-2023 and are signed on its behalf by:

**Vikram Nair**

Director

Company Registration No. 04117035

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2023**

## 1 Accounting policies

### Company information

Tech Mahindra London Limited is a private company limited by shares incorporated in England and Wales. The registered office is Atrium Court, The Ring, Bracknell, Berkshire, RG12 1BW.

### 1.1 Accounting convention

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 1052, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the companies Act 2006.

The following principal accounting policies have been applied:

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 ‘Statement of Cash Flows’: Presentation of a statement of cash flow and related notes and disclosures;

- Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instrument Issues: Interest income/ expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;

- Section 26 ‘Share based Payment’: Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;

- Section 33 ‘Related Party Disclosures’: Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Tech Mahindra Limited as at 31 March 2023. These consolidated financial statements are available from its registered office Gateway Building, Apollo Bunder, Mumbai, Maharashtra, 40001, India.

### 1.2 Going concern

At the time of approving the financial statements, the directors have as reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

### `1.3 Fixed asset investments

Investments is subsidiaries are measured at cost less accumulated impairment.

Investments is unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of financial position date. Gains and loses on remeasurement are recognised in profit or loss for the period.

Associates and joint ventures

Associates and joint ventures are held at cost less impairment.

**1.4 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investment that mature in no more than three months from the date of acquisitions and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**1.5 Financial instruments**

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**1.6 Taxation**

The tax expenses for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expenses recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

**Current tax**

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

**1.7 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

**1.8 Interest income / Finance cost Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**1.9 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans are receivable are measured initially at fair value, net of transactions costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**1.10 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

## 2 Auditor's remuneration

| | 2023 | 2022 |
|---|---|---|
| Fees payable to the company's auditor and associates: | **£** | £ |
| For audit services | | |
| Audit of the financial statements of the company | **7,500** | 6,350 |

The Company has taken advantages of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

## 3 Employees

The Company has no employees other than the directors, who did not received any remunerations 2023 - Nil (2022 - Nil).

| | 2023 | 2022 |
|---|---|---|
| | **Number** | Number |
| **Total** | **-** | - |

## 4 Interest receivable and similar income

| | 2023 | 2022 |
|---|---|---|
| | **£** | £ |
| Interest receivable and similar income includes the following: | | |
| Income from shares in group undertakings | **6,930,672** | - |
| Income from other fixed asset investments | **199,283** | 4,101 |
| Interest receivable from group companies | **49,267** | 96,537 |

## 5 Fixed asset investments

| | 2023 | 2022 |
|---|---|---|
| | **£** | £ |
| Shares in group undertakings and participating interests | **315,015,719** | 311,658,952 |
| Other investments other than loans | **-** | 1,941,892 |
| | **315,015,719** | 313,600,844 |

### Movements in fixed asset investments

| | Shares in subsidiaries | Other investments | Total |
|---|---|---|---|
| Cost or valuation | **£** | **£** | **£** |
| At 1 April 2022 | 311,658,952 | 1,941,892 | 313,600,844 |
| Additions | 3,356,767 | - | 3,356,767 |
| Disposals | - | (1,941,892) | (1,941,892) |
| At 31 March 2023 | 315,015,719 | - | 315,015,719 |
| **Carrying amount** | | | |
| At 31 March 2023 | **315,015,719** | **-** | **315,015,719** |
| At 31 March 2022 | **311,658,952** | **1,941,892** | **313,600,844** |

**Subsidiaries**

The following were associates of the Company:

| Name | Registered office | Class of shares | Holding |
|---|---|---|---|
| Inter-Informatics spol s.r.o. | Czech Republic | Ordinary | 100% |
| Tech Mahindra Communication Japan Co.Ltd (Formerly K-Vision Limited) | Japan | Ordinary | 100% |
| TC Inter Informatics a.s. | Czech Republic | Ordinary | 100% |
| Perigord Assets Holdings Limited | Ireland | Ordinary | 100% |
| Com Tec Co IT Limited | Cyprus | Ordinary | 100% |
| SWFT Technologies Limited | Cyprus | Ordinary | 25% |
| Surance Ltd | | Ordinary | 25% |

## 6 Debtors

| | 2023 | 2022 |
|---|---|---|
| **Amounts falling due within one year:** | **£** | £ |
| Amounts owed by group undertakings | **2,907,123** | 1,055,775 |
| **Other debtors** | **-** | 257 |
| | **2,907,123** | 1,056,032 |
| Corporation tax recoverable | **64,837** | 64,837 |
| **Total debtors** | **2,971,960** | 1,120,869 |

## 7 Current asset investments

| | 2023 | 2022 |
|---|---|---|
| | **£** | £ |
| Other investments | **7,625,535** | 25,400,000 |

## 8 Creditors: amounts falling due within one year

| | 2023 | 2022 |
|---|---|---|
| | **£** | £ |
| Bank loans and overdrafts | **1,362** | - |
| Trade creditors | **96** | 89 |
| Corporation tax | **-** | (15) |
| Other creditors | **18,567,990** | - |
| Accruals and deferred income | **15,466** | 8,368 |
| | **18,584,914** | 8,442 |

Other creditors include contractual obligation due on the investment purchase of Com Tec Co IT Limited and Perigord Assets Holdings Limited. £18,567,990 relates to amounts due within one year and £42,076,204 will become due after one year.

## 9 Creditors: amounts falling due after more than one year

| | 2023 | 2022 |
|---|---|---|
| | **£** | £ |
| Other creditors | **42,076,204** | 79,157,034 |

**10 Controlling party**

The ultimate controlling party of Tech Mahindra London Limited is Tech Mahindra Limited, which owns 100% of the issued share capital or the Company.

Tech Mahindra Limited prepared group accounts which include these accounts and which are publicly available from their registered office.

# DETAILED PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31 MARCH 2023**

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | **£** | **£** | £ | £ |
| **Other operating income** | | | | |
| SR/IR Clearing A/C | | **3,000** | | - |
| **Administrative expenses** | | | | |
| Legal and professional fees | **88,252** | | 199,427 | |
| Consultancy fees | **684,407** | | - | |
| Accountancy | **3,398** | | 5,352 | |
| Rent | **992** | | 296 | |
| Bank charges | **6,165** | | 25,797 | |
| Telecommunications | **1,084** | | 754 | |
| Sundry expenses | **207** | | 520 | |
| Profit or loss on foreign exchange | **475,940** | | 61,112 | |
| | | **(1,260,445)** | | (293,258) |
| **Operating loss** | | **(1,257,445)** | | (293,258) |
| **Interest receivable and similar income** | | | | |
| Interest receivable from group companies | **49,267** | | 96,537 | |
| Dividends receivable from group companies | **6,930,672** | | - | |
| Income from other fixed asset investments | **199,283** | | 4,101 | |
| | | **7,179,222** | | 100,638 |
| **Other gains and losses** | | | | |
| Amounts written off Investments in non-current financial assets | | | | |
| | **(1,941,892)** | | - | |
| Amounts written off fixed asset investments | **-** | | 8,668,835 | |
| | | **(1,941,892)** | | 8,668,835 |
| **Profit before taxation** | **-** | **3,979,885** | - | 8,476,215 |

# TECH MAHINDRA COMMUNICATIONS JAPAN CO. LTD

**Board of directors**
Mr. Masato Kawano
Mr. Amitava Ghosh
Ms. Dhanashree Bhat

**Registered Office**
6-18, Kamiji 1-Chome,
Higashinari-ku, Osaka

**Bankers**
Mitsui sumitomo
Citibank Tokyo Branch

# BALANCE SHEET AS AT YEAR ENDED

| | 31-Mar-23 | 31-Mar-22 |
|---|---|---|
| **ASSETS** | | |
| **Non-Current Assets** | | |
| (a) Property, Plant and Equipment | **151,320** | 2,547,150 |
| (b) Other Non-Current Assets | **2,382,061** | 2,368,388 |
| **Total Non-Current Assets** | **2,533,381** | 4,915,538 |
| **Current Assets** | | |
| (a) Financial Assets | | |
| (i) Trade Receivables | **110,936,955** | 478,065,635 |
| (ii) Cash and Cash Equivalents | **606,127,332** | 460,381,720 |
| (b) Other Current Assets | **391,300** | 536,536 |
| **Total Current Assets** | **717,455,587** | 938,983,891 |
| **Total Assets** | **719,988,968** | 943,899,429 |
| **EQUITY AND LIABILITIES** | | |
| **Equity** | | |
| (a) Equity Share Capital | **43,000,000** | 43,000,000 |
| (b) Retained Earnings | **397,200,136** | 349,047,374 |
| **Total Equity** | **440,200,136** | 392,047,374 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| (a) Financial Liabilities | | |
| (i) Trade Payables | **98,756,611** | 437,240,718 |
| (ii) Other Statutory Liabilities | **79,280,800** | 112,918,900 |
| (b) Other Current Liabilities | **101,751,421** | 1,692,437 |
| **Total Current Liabilities** | **279,788,832** | 551,852,055 |
| **Total Equity and Liabilities** | **719,988,968** | 943,899,429 |

Signature

**Mastao Kawano (Director)**
Place : Japan
Date : 31st May 2023

# STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED

| | | 31-Mar-23 | 31-Mar-22 |
|---|---|---|---|
| I | Revenue from Operations | **1,590,605,761** | 2,984,825,583 |
| II | Other Income | **428,935** | 321,023 |
| **III** | **Total Revenue (I +II)** | **1,591,034,696** | 2,985,146,606 |
| **IV** | **EXPENSES** | | |
| | Employee Benefit Expense | **93,903,727** | 89,172,021 |
| | Subcontracting Expenses | **1,184,140,250** | 2,537,425,234 |
| | Finance Costs | **30,691** | 40,822 |
| | Depreciation and Amortization Expense | **110,240** | 1,807,432 |
| | Other Expenses | **91,641,602** | 79,249,126 |
| | Forex Gain | **-218,876** | -615,346 |
| | **Total Expenses** | **1,369,607,634** | 2,707,079,289 |
| **V** | **Share of (Profit) / Loss of Associates** | **-** | - |
| **VI** | **Profit/(loss) before Exceptional Item and Tax (III-IV-V)** | **221,427,062** | 278,067,317 |
| **VII** | **Exceptional Item (net)** | | |
| **VIII** | **Profit/(loss) Before Tax (VI+VII)** | **221,427,062** | 278,067,317 |
| **IX** | **Tax Expense** | | |
| | Current tax | **73,274,300** | 91,713,800 |
| | MAT charge / (credit) | | |
| | Earlier years excess provision written back | | |
| | Deferred Tax | | |
| | **Total Tax Expense** | **73,274,300** | 91,713,800 |
| **X** | **Profit/(loss) after Tax** | **148,152,762** | 186,353,517 |

**Signature**

**Mastao Kawano (Director)**

Place : Japan
Date : 31st May 2023

# NOTES TO FINANCIAL STATEMENT.

**NOTE 1 - DESCRIPTION OF OPERATIONS AND BASIS OF PRESENTATION**

Tech Mahindra Communications Japan Co. Ltd (“TMCJ” or “the Company”) incorporated in Japan in 2006 under the name K Vision. On March 14, 2019, Tech Mahindra Limited (“Tech Mahindra”), incorporated in India, through its subsidiary, Tech Mahindra London Limited, incorporated in the United Kingdom, completed the acquisition of the shares of the Company.

The Company is supplying all the elements required for the establishment and deployment of communication networks and provides related construction services in Japan.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in Japan (“JGAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

**Cash and cash equivalents:**

Cash and cash equivalents consist of certain highly liquid investments with maturities of three months or less at the date of purchase and consist of money market funds.

**Trade receivables:**

The Company believes that the concentration of credit risk in its trade receivables is mitigated by the Company’s credit evaluation process, relatively short collection terms, and dispersion of its customer base. Management evaluates the collectability of trade receivables based on a combination of factors. Management regularly analyzes significant customers accounts, and, when management becomes aware of a specific customer’s inability to meet its financial obligations, such as in the case of bankruptcy filings or deterioration in the customer’s operating results or financial position, a specific reserve for bad debts is recorded to reduce the related receivable to the amount management reasonably believes is collectible. Reserves for doubtful accounts for all other customers are also recorded based on a variety of factors including the length of time the receivables are past due, the financial health of the customer, macroeconomic considerations, and historical experience. If circumstances related to specific customer change, estimates of the recoverability of receivables could be further adjusted or the related receivables could be written off to the allowance as uncollectible. The Company has not experienced significant losses on trade receivables from any particular customer or geographic region.

**Property and equipment:**

Property and equipment are stated at cost and are being depreciated using straight-line and accelerated methods over the estimated useful lives of the related assets.

**Fair value of financial instruments:**

The fair value of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, and other short-term liabilities approximate the carrying value due to their short-term, highly liquid nature. The carrying amounts of long-term debt approximate fair value, based on interest rates currently available for similar terms and maturities.

**Income taxes:**

Deferred income tax assets and liabilities are recognized on the differences between the financial statement and tax basis of assets and liabilities and on net operating loss carryovers using enacted tax rates. A valuation allowance is provided to offset deferred income tax assets if, based on available evidence, it is more likely than not that a portion of the deferred income tax assets will not be realized.

**Accounting Principles**

Cash accounting is being followed as per standard accounting practices followed in Japan. Last year Balance sheet figures have been recasted accordingly

# TC INTER-INFORMATICS A.S.

**Board of Directors**

Mr. Venkateswara Rao Gajjala

Mr. Karel Kollert

Mr Balakrishna Shetty – From 2nd March 2023

**Registered Office**

Prague 8

Voctářova 2449/5

Post Code 180 00

**Auditors**

HEDLEY AUDIT s.r.o.

Salvátorská 931/8,

110 00 Prague 1

# DESCRIPTION OF ACCOUNTING ENTITY

| | |
|---|---|
| **Company name:** | **TC INTER-INFORMATICS a.s**. |
| Legal form: | Joint-stock company |
| Identification No.: | 270 70 115 |
| Registered office of the company:<br>From 1. 5. 2023: | Prague 9, Kolčavka 3/75, Post Code 190 00<br>Prague 8, Voctářova 2449/5, Post Code 180 00 |
| Company address:<br>From 1. 5. 2023: | Kolčavka 3/75, 190 00 Prague 9<br>Voctářova 2449/5, 180 00 Prague 8 |
| Capital: | **25 500 000,00 CZK** |
| Shares: | Total 51 shares per owner at face value of CZK 500.000,00 /piece |
| Establishment of the company: | 23. 6. 2003 |
| Entry in the Commercial Register: | 23. 6. 2003 |
| Subject of business: | Production, trade and services not listed in Annexes 1 to 3 of the Trade Act |
| Composition of statutory bodies: | Administrative board<br>chairman VENKATESWARA RAO GAJJALA<br>member BALAKRISHNA SHETTY<br>member KAREL KOLLERT |
| Persons involved in the entity's Capital of more than 20% | TECH MAHINDRA LONDON LIMITED with the share of 100 % |
| Accounting period: | From 1. 4. 2022 until 31. 3. 2023 |
| Number of employees: | As of 1. 4. 2022 103<br>As of 31. 3. 2023 102 |
| Place of keeping the Annual Report: | Company Secretariat |
| Companies on which the reporting company exercises decisive influence: | None |

TC INTER-INFORMATICS a.s. is a supplier of engineering services in the field of mechanical engineering. It is 100 % subsidiary of TECH MAHINDRA LONDON LIMITED, which is a member of the Tech Mahindra Group.

The company's strategy is based on the overall Group's strategy:

„ Helping customers improve their market position by providing comprehensive solutions in the field of engineering services (e.g., by transferring new knowledge and experience, reducing cost, accelerating and streamlining internal processes)."

# REPORT ON THE COMPANY BUSINESS ACTIVITIES AND MANAGEMENT

Past and projected developments and outlook for the next period

The financial year 2022 was marked by continuous growth of the company strongly driven by growth in the fields of aerospace and rail vehicles.

In the aerospace field growth is based on market recovery after crisis period during COVID-19 pandemic.

TC INTER-INFORMATICS together with its owner took part in a long-awaited tender, announced in middle of the financial year by Airbus Group for Cabin & Cargo.

This tender JSO Bundle lasted nearly 6 months, included all cabin areas and was announced for all Airbus production programs.

The company was successful in excellently fulfilling the conditions of the tender and as a result maintained all the areas of prior cooperation but also broke into new areas, e.g., new development, which were until recently only domain of our competition.

This constitutes undeniable achievement, with which the company secured very good and stable position within Airbus Group and thus created premises for further developing competencies within development of commercial airlines cabin.

Another success, based on mutual trust, is obtaining multiple projects for client Safran Cabin Germany, but besides those, also securing a big contract for mechanical construction of monuments for A350 airplane, of which the final customer is Emirates airlines.

This is very challenging, but prestige customer, making this reference greatly important for future growth of the company in the aviation field.

Besides the German monuments producer, fast restart of cooperation with Swiss company Bucher Group manufacturing similar products was also achieved.

Both mentioned companies, Safran Group and Bucher Group are manufacturers of monuments for airplane interiors.

As those are the main suppliers of these product for both American manufacturer Boeing and for European Airbus, these cooperations are vital for company TC INTER-INFORMATICS as an strategic supplier and in regards to long term cooperation.

The financial year 2022 was also marked by growth in traditional field of rail vehicles.

Main customer, company Škoda Transportation, which is part of PPF Group, realises substantial expansion of production capacity and technology for securing deliveries, on which the company has successfully taken part or is still part of ( new deliveries of trams for Bratislava, new deliveries of EMU units for South Moravian Region and also for Latvia, vehicles for the Warsaw subway, deliveries of trams for German cities), but mainly development projects of new EMU units ( besides of Latvia, Estonia, CR a SR also for new markets, e.g., Kazakhstan)

After series of negotiations company managed to secure another contract from company EKOVA, new member of Škoda Transportation group.

In reaction to overall situation on the market uneasy negotiations were called and settled at different levels of clients' management with the goal of updating the commercial terms and conditions, but those were successfully defended.

Among significant events expected to occur during the new business and financial years counts especially the presentation of TC INTER-INFORMATICS together with its owner TechM at trade fair Aircraft Interiors Expo 2023 in German Hamburg, but also selecting and relocating to new representative premises within given area.

The relocation itself and opening ceremony of the new premises with the participation of owner representatives and key customers is planned at the beginning of the new financial year.

In view of overall expansion and an increase of contracts in all fields, strategic discussions were held in India with the owner, Tech Mahindra.

Topics of these discussions were setting goals for the new financial year, preparation of aggressive capacity plan, i.e. Ramp Up Plan, for fulfilling all customers requests and also need for setting mutual synergy for supplementing and leveraging expertise in the field.

The discussions confirmed the important role that TC INTER-INFORMATICS holds within the international Tech Mahindra group, with the goal of further strengthening its position and growth, mainly on the European market.

The investment into the new representative premises is also evidence of that.

The management of TC INTER-INFROMATICS a.s. therefore expresses its thanks and appreciation to all employees for all the work done in the past period and at the same time for their trust and loyalty to the company.

**Research & Development activities**

The company did not spend any funds on Research & Development in financial year 2022.

**Activities in the field of environment and labour relations**

The company adheres to all regulations in the field of labour relations and creates good working conditions. The company has no environmental activities.

**Information on facts occurring after the balance sheet date**

After the balance sheet date until the date of preparation of the accounts, there were no facts that were material and are not described in the notes to the financial statements.

**Affidavit**

The data provided in the Annual Report of TC INTER-INFORMATICS a.s. for the period from 1st April 2022 to 31st March 2023 correspond to facts and no material circumstances that could affect the precise and correct assessment of the company were omitted.

In Prague on May 24th 2023

Ing. Karel Kollert
Member of the administrative board

# FINANCIAL STATEMENT FOR THE PERIOD ENDED 31. MARCH 2023

| | |
|---|---|
| Company name: | TC INTER-INFORMATICS a.s. |
| Registered office of the company: | Kolčavka 3/75, 190 00 Prague 9 |
| Legal form: | Joint-stock company |
| Identification No: | 270 70 115 |

**Components of financial statements:**

Balance sheet

Income statements

Statement of changes in equity

Statement of cash flows

Notes

The financial statement was prepared on May 24, 2023.

**Statutory body of the entity:** **Signature:SD/-**

Ing. Karel Kollert
Member of the administrative board

# CONTENT



Administrative board of TC INTER-INFORMATICS a.s., based in Prague 9, Kolčavka 3/75 (from 1. 5. 2023 based in Prague 8, Voctářova 2449/5), as the statutory body of the controlled entity, pursuant to Section 82 of Act No. 90/2012 Coll. on Business Corporations, (hereinafter referred to as the “ZOK”), prepared the following report on relations between the controlling and controlled entity and the persons controlled by this controlling entity (hereinafter referred to as connected persons) for the financial year from 1 April 2022 to 31 March 2023.

## 1. Controlling entity

a. Company: TECH MAHINDRA LONDON LIMITED

b. Based: Atrium Court, The Ring, Bracknell, Berkshire, RG121BW, United Kingdom of Great Britain and Northern Ireland

c. Company existing under the law of England and Wales registered under registration number 4117035

## 2. Controlled entity

a. Company: TC INTER-INFORMATICS a.s

b. Based: Prague 9, Kolčavka 3/75, PSČ 19000

c. Registered in the Commercial Register maintained by the Municipal Court in Prague, section B, insert 8494

## 3. Related Persons – Persons controlled by the same person

a. Company: none

## 4. Scheme of indicated persons

**TECH MAHINDRA LONDON LIMITED** – controlling (mother) company

Controlled (subsidiary) companies

**TC INTER-INFORMATICS a.s**

- Based in Prague 9, Kolčavka 3/75, Post Code 190 00
- Registered in the Commercial Register maintained by the Municipal Court in Prague, section B, insert 8494

## 5. Structure of relationships, role of the controlled entity, method and means of controlling the entity or connected persons

a. In the group, individual companies have subsequently divided following roles:

   i. TECH MAHINDRA LONDON LIMITED – company owner, definition of the scope of the object of the activity

   ii. TC INTER-INFORMATICS a.s. – provisions of services within the defined scope

b. All relations between 1 April 2022 and 31 March 2023 were managed and implemented in accordance with the set processes in the group. No specific operations have been carried out which would have been atypical.

## 6. Overview of mutual contracts concluded with the controlling entity and related persons:

a. In the period from 1 April 2022 to 31 March 2023, no other contracts were concluded between the controlled entity and the controlling entity, which dealt with business relations according to the regular rules set in the group.

b. The volumes of mutual relations and balances of receivables and liabilities as of 31 March 2023 are shown in the financial statements of TC INTER-INFORMATICS a.s.

c. List of concluded contracts:

   i. The contract service provider agreement of 13 February 2019 between Tech Mahindra Limited and TC INTER-INFORMATICS, a.s.

## 7. Assessment of the injury suffered by the controlled entity and its compensation

a. Due to the nature of the business and the relevant contracts concluded, in our opinion there was no harm done to the controlled entity.

## 8. Assessment of the advantages and disadvantages of relations with the controlling entity and related entities, including possible risks

a. Relations with the controlling entity take place under standard conditions that are advantageous for both individual companies.

## 9. Confidentiality of information

a. Confidential information that can't be made publicly available is considered to be information and facts that are part of the business secrets of the Controlling Entity, the Controlled Entity and the Connected Persons, as well as information that has been disclosed as confidential to any of these persons. Furthermore, it is all information from the business dealings that could lead, on its own or in connection with other information and facts, to the detriment of any of those persons.

## 10. Conclusion

a. Administrative board of TC INTER-INFORMATICS a.s. states that, with due managerial care, it has made the necessary efforts to identify the circle of connected persons, in particular by questioning the controlling entity about the circle of persons controlled by that person.

b. Administrative board of TC INTER-INFORMATICS a.s. considers that the pecuniary benefits or considerations, provided on the basis of the above specified relationships, were provided in the usual amount.

c. This report on relations was prepared by the statutory body of the controlled entity TC INTER-INFORMATICS a.s. on 24 May 2023.

Ing. Karel Kollert
Member of the Administrative board

# INDEPENDENT AUDITOR’S REPORT

To the shareholders of TC INTER-INFORMATICS a.s.

**Opinion**

We have audited the accompanying financial statements of TC INTER-INFORMATICS a.s. (hereinafter also the “Company”) prepared in accordance with accounting principles generally accepted in the Czech Republic, which is comprised of the balance sheet as at 31 March 2023, the income statement, statement of changes in equity and cash flow statement for the period from 1 April 2022 to 31 March 2023 and notes to the financial statements, including a summary of significant accounting policies, and other explanatory information. For details of the Company, see the introductory part of the notes to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of TC INTER-INFORMATICS a.s. as at 31 March 2023, of its financial performance and its cash flows for the period from 1 April 2022 to 31 March 2023 in accordance with accounting principles generally accepted in the Czech Republic.

**Basis for Opinion**

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor’s report thereon. The Statutory Body is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the 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 about the Company obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law and regulation, in particular, whether the other information complies with law and regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and

- The other information is prepared in compliance with applicable law and regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

**Responsibilities of the Company’s Statutory body for the Financial Statements**

Statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as Statutory body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Statutory body 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 the Statutory body either

intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 the above mentioned laws and regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory body.

- Conclude on the appropriateness of the Statutory body use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Statutory body 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.

In Prague, 24 May 2023

| | |
|---|---|
| Audit firm: | Statutory auditor: |
| **HEDLEY AUDIT s.r.o.** | **Ing. Helena Vojáčková** |
| Audit firm licence No. 545 | Auditor licence No.1910 |

Translation note

This version of our report is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over this translation.

# BALANCE SHEET

# TC INTER-INFORMATICS A.S.

**full version**
As of
31/03/2023
(in CZK thousand)

**IČO 270 70 115**
Kolčavka 3/75,
190 00 Praha 9

| | | 31/03/2023 | | | 31/03/2022 |
|---|---|---|---|---|---|
| | | Gross | Adjustment | Net | Net |
| | **TOTAL ASSETS** | **428,573** | **326,451** | 102,122 | 89,704 |
| **B.** | **Fixed assets** | **325,774** | **324,770** | **1,004** | **249** |
| **B.I.** | **Intangible fixed assets** | **311,718** | **311,696** | **22** | **93** |
| B.I.2. | Valuable rights | **308,574** | **308,552** | 22 | 93 |
| B.I.2.1. | Software | **308,574** | **308,552** | 22 | 93 |
| B.I.5. | Prepayments for intangible fixed assets and intangible fixed assets under construction | **3,144** | **3,144** | | |
| B.I.5.2. | Intangible fixed assets under construction | **3,144** | **3,144** | | |
| **B.II.** | **Tangible fixed assets** | **14,056** | **13,074** | **982** | **156** |
| B.II.1. | Land and structures | **219** | **219** | | |
| B.II.1.2. | Structures | **219** | **219** | | |
| B.II.2. | Tangible movable assets and sets of tangible movable assets | **12,920** | **12,855** | 65 | 156 |
| B.II.5. | Prepayments for tangible fixed assets and tangible fixed assets under construction | **917** | | 917 | |
| B.II.5.2. | Tangible fixed assets under construction | **917** | | 917 | |
| **C.** | **Current assets** | **99,397** | **1,681** | **97,716** | **87,190** |
| **C.I.** | **Inventories** | **11,370** | | **11,370** | **16,934** |
| C.I.2. | Work in progress and semifinished goods | **11,370** | | 11,370 | 16,934 |
| **C.II.** | **Receivables** | **49,689** | **1,681** | **48,008** | **41,227** |
| C.II.1. | Long-term receivables | **2,378** | | 2,378 | 5 |
| C.II.1.5. | Receivables - other | **2,378** | | 2,378 | 5 |
| C.II.1.5.2. | Long-term prepayments made | **6** | | 6 | 5 |
| C.II.1.5.4. | Sundry receivables | **2,372** | | 2,372 | |
| **C.II.2.** | **Short-term receivables** | **47,311** | **1,681** | **45,630** | **41,222** |
| C.II.2.1. | Trade receivables | **35,813** | **1,681** | 34,132 | 33,944 |
| C.II.2.4. | Receivables - other | **11,498** | | 11,498 | 7,278 |
| C.II.2.4.1. | Receivables from partners | **98** | | 98 | 102 |
| C.II.2.4.4. | Short-term prepayments made | **226** | | 226 | |
| C.II.2.4.5. | Estimated receivables | **10,975** | | 10,975 | 6,990 |
| C.II.2.4.6. | Sundry receivables | **199** | | 199 | 186 |
| **C.IV.** | **Cash** | **38,338** | | **38,338** | **29,029** |
| C.IV.1. | Cash on hand | **165** | | 165 | 113 |
| C.IV.2. | Cash at bank | **38,173** | | 38,173 | 28,916 |
| **D.** | **Other assets** | **3,402** | | **3,402** | **2,265** |
| D.1. | Deferred expenses | **3,402** | | 3,402 | 2,265 |

| | | 31/03/2023 | 31/03/2022 |
|---|---|---|---|
| | **TOTAL LIABILITIES & EQUITY** | **102,122** | **89,704** |
| **A.** | **Equity** | **76,266** | **59,732** |
| **A.I.** | **Share capital** | **25,500** | **25,500** |
| A.I.1. | Share capital | **25,500** | 25,500 |
| **A.II.** | **Share premium and capital funds** | **180,827** | **180,827** |
| A.II.2. | Capital funds | **180,827** | 180,827 |
| A.II.2.1. | Other capital funds | **180,827** | 180,827 |
| **A.III.** | **Funds from profit** | **100** | **100** |
| A.III.1. | Other reserve funds | **100** | 100 |
| **A.IV.** | **Retained earnings (+/-)** | **-146,694** | **-167,978** |
| A.IV.1. | Accumulated profits or losses brought forward (+/-) | **-37,068** | -58,352 |
| A.IV.2. | Other profit or loss from prior years (+/-) | **-109,626** | -109,626 |
| **A.V.** | **Profit or loss for the current period (+/-)** | **16,533** | **21,283** |
| **B.+C.** | **Liabilities** | **24,723** | **29,972** |
| **B.** | **Reserves** | **5,683** | **7,494** |
| B.IV. | Other reserves | **5,683** | 7,494 |
| **C.** | **Payables** | **19,040** | **22,478** |
| C.II. | Short-term payables | **19,040** | 22,478 |
| C.II.3. | Short-term prepayments received | | 8,288 |
| C.II.4. | Trade payables | **4,897** | 2,510 |
| C.II.8. | Other payables | **14,143** | 11,680 |
| C.II.8.3. | Payables to employees | **6,303** | 5,608 |
| C.II.8.4. | Social security and health insurance payables | **3,109** | 2,677 |
| C.II.8.5. | State - tax payables and subsidies | **828** | 1,405 |
| C.II.8.6. | Estimated payables | **3,903** | 1,990 |
| **D.** | **Other liabilities** | **1,133** | |
| D.1. | Accrued expenses | **1,133** | |

# PROFIT AND LOSS ACCOUNT

# TC INTER-INFORMATICS A.S.

**structured by the nature of expense method**
Year ended
31/03/2023
(in CZK thousand)

**IČO 270 70 115**
Kolčavka 3/75,
190 00 Praha 9

| | | **Period from 1.4.2022 to 31.3.2023** | Period from 1.4.2021 to 31.3.2022 |
|---|---|---|---|
| I. | Sales of products and services | **168,437** | 150,685 |
| II. | Sales of goods | | 90 |
| A. | Purchased consumables and services | **44,630** | **33,534** |
| A.1. | Costs of goods sold | | 69 |
| A.2. | Consumed material and energy | **684** | 390 |
| A.3. | Services | **43,946** | 33,075 |
| B. | Change in internally produced inventory (+/-) | **3,331** | 8,697 |
| D. | Staff costs | **102,937** | **90,294** |
| D.1. | Payroll costs | **75,380** | 66,677 |
| D.2. | Social security and health insurance costs and other charges | **27,557** | **23,617** |
| D.2.1. | Social security and health insurance costs | **25,696** | 22,667 |
| D.2.2. | Other charges | **1,861** | 950 |
| E. | Adjustments to values in operating activities | **181** | **663** |
| E.1. | Adjustments to values of intangible and tangible fixed assets | **178** | **692** |
| E.1.1. | Adjustments to values of intangible and tangible fixed assets - permanent | **183** | 696 |
| E.1.2. | Adjustments to values of intangible and tangible fixed assets - temporary | **-5** | -4 |
| E.3. | Adjustments to values of receivables | **3** | -29 |
| III. | Other operating income | **7** | **667** |
| III.3. | Sundry operating income | **7** | 667 |
| F. | Other operating expenses | **946** | **-2,229** |
| F.3. | Taxes and charges | **239** | 256 |
| F.4. | Reserves relating to operating activities and complex deferred expenses | **-1,811** | -2,477 |
| F.5. | Sundry operating expenses | **2,518** | -8 |
| * | **Operating profit or loss (+/-)** | **16,419** | **20,483** |
| J. | Interest expenses and similar expenses | | 193 |
| J.1. | Interest expenses and similar expenses - controlled or controlling entity | | 193 |
| VII. | Other financial income | **3,460** | 4,607 |
| K. | Other financial expenses | **3,346** | 3,614 |
| * | **Financial profit or loss (+/-)** | **114** | **800** |
| ** | **Profit or loss before tax (+/-)** | **16,533** | **21,283** |
| ** | **Profit or loss net of tax (+/-)** | **16,533** | **21,283** |
| *** | **Profit or loss for the current period (+/-)** | **16,533** | **21,283** |
| * | Net turnover for the current period | **171,904** | **156,049** |

# STATEMENT OF CHANGES IN EQUITY

# TC INTER-INFORMATICS A.S.

**IČO 270 70 115**

Year ended 31/03/2023

(in CZK thousand)

Kolčavka 3/75, 190 00 Praha 9

| | Share capital | Capital funds | Funds from profit, reserve fund | Accumulated profits or losses brought forward | Profit or loss for the current period | TOTAL EQUITY |
|---|---|---|---|---|---|---|
| **Balance at 1 April 2022** | **25,500** | **180,827** | **100** | **-167,977** | **21,283** | **59,733** |
| Distribution of profit or loss | | | | 21,283 | -21,283 | |
| Profit or loss for the current period | | | | | 16,533 | 16,533 |
| **Balance at 31 March 2023** | **25,500** | **180,827** | **100** | **-146,694** | **16,533** | **76,266** |

# CASH FLOW STATEMENT

# TC INTER-INFORMATICS A.S.

**IČO 270 70 115**

Year ended 31/03/2023
(in CZK thousand)

Kolčavka 3/75,
190 00 Praha 9

| | | Period from 1.4.2022 | Period from 1.4.2021 |
|---|---|---|---|
| | | **to 31.3.2023** | to 31.03.2022 |
| **P.** | **Opening balance of cash and cash equivalents** | **29,029** | **32,802** |
| | **Cash flows from ordinary activities (operating activities)** | | |
| Z. | Profit or loss before tax | **16,533** | 21,283 |
| A.1. | Adjustments for non-cash transactions | **-1,634** | -1,618 |
| A.1.1. | Depreciation of fixed assets | **183** | 696 |
| A.1.2. | Change in provisions and reserves | **-1,813** | -2,507 |
| A.1.5. | Interest expense and interest income | | 193 |
| A.1.6. | Adjustments for other non-cash transactions | **-4** | |
| **A.*** | **Net operating cash flow before changes in working capital** | **14,899** | **19,665** |
| A.2. | Change in working capital | **-4,656** | -21,657 |
| A.2.1. | Change in operating receivables and other assets | **-8,163** | -916 |
| A.2.2. | Change in operating payables and other liabilities | **-2,058** | -29,438 |
| A.2.3. | Change in inventories | **5,565** | 8,697 |
| **A.**** | **Net cash flow from operations before tax** | **10,243** | **-1,992** |
| A.3. | Interest paid | | -194 |
| **A.***** | **Net operating cash flows** | **10,243** | **-2,186** |
| | **Cash flows from investing activities** | | |
| B.1. | Fixed assets expenditures | **-934** | -147 |
| **B.***** | **Net investment cash flows** | **-934** | **-147** |
| | **Cash flow from financial activities** | | |
| C.1. | Change in payables from financing | | -52,290 |
| C.2. | Impact of changes in equity | | 50,850 |
| C.2.3. | Other cash contributions made by partners | | 50,850 |
| **C.***** | **Net financial cash flows** | | **-1,440** |
| **F.** | **Net increase or decrease in cash and cash equivalents** | **9,309** | **-3,773** |
| **R.** | **Closing balance of cash and cash equivalents** | **38,338** | **29,029** |

## 1. Description of the company

TC INTER-INFORMATICS a.s. is a joint stock company seated at Kolčavka 3/75, 190 00 Prague 9, Czech Republic (from 1. 5. 2023 at Voctářova 2449/5, 180 00 Prague 8, Czech Republic), identification number 270 70 115. The Company was incorporated following its registration in the Commercial Register maintained by the Municipal Court in Prague, section B, insert 8494 on 23. July 2003.

The principal activities of the Company are production, trade and services not stated in Annexes 1 to 3 in the Entrepreneurs Act.

These financial statements are prepared as individual financial statements.

The company complies with the Commercial Act in its entirety.

There are no agreements between shareholders stipulating control without respect to the share on share capital.

There is no profit transfer agreement and no agreement to perform control.

These financial statements are presented in thousands of Czech crowns (CZK ‘000), unless stated otherwise.

The following table shows individuals and legal entities with an equity interest greater than 20 percent and the amount of their equity interest:

| **Shareholder** | **% on share capital** |
|---|---:|
| TECH MAHINDRA LONDON LIMITED | 100 % |
| Total | 100 % |

Changes and amendments made in the period from 1 April 2022 to 31 March 2023 at the Register of Companies:

Change of internal structure of the company from dualistic to monistic:

Board of Director deleted 07. 03. 2023

Supervisory Board deleted 07. 03. 2023

Administrative Board added 07.03.2023

Administrative Board at 31 March 2023

| | Function | Name |
|---|---|---|
| Administrative Board | Chairman | Venkateswara Rao Gajjala |
| | Member | Balakrishna Shetty |
| | Member | Karel Kollert |

## 2. Basis of preparation of financial statements

The Company’s accounting books and records are maintained and the financial statements were prepared in accordance with the Accounting Act 563/1991 Coll., as amended; the Regulation 500/2002 Coll. which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, as amended; and Czech Accounting Standards for Businesses, as amended.

Financial statements are prepared as of 31 March 2023 and for the period from 1 April 2022 to 31 March 2023 (hereinafter “year 2022”).

## 3. Accounting principles and policies and their changes

The company used the following measurement basis during preparation of financial statements for 2022:

### a) Intangible fixed assets

Intangible fixed assets are measured at costs that include cost of purchase and other costs associated with the acquisition.

Internally generated intangibles are measured at internal costs incurred.

Intangibles with cost exceeding CZK 60 thousand in 2022 are amortized to expenses.

Method of amortization - the company amortizes intangibles in accordance with Income Tax Act.

Capital expenditure increases the cost of intangible assets. Repairs and maintenance expenditure is expensed when incurred.

**Provisioning**

Provisions were made against impaired/obsolete intangible fixed assets based on the results of the inventory taking, to the extent that the valuation temporarily does not correspond with the actual balance.

### b) Tangible fixed assets

Tangible fixed assets are measured at costs that include cost of purchase and other costs associated with the acquisition.

Tangibles with cost exceeding CZK 10 thousand in 2022 (exceeding CZK 20 thousand in 2021) are depreciated.

Method of depreciation – the company depreciates tangibles in accordance with Income Tax Act.

Capital expenditure increases the cost of tangible assets. Repairs and maintenance expenditure is expensed when incurred.

### c) Cash

Cash consists of stamps, cash in hand and cash at bank. Cash is measured at nominal value.

### d) Inventory

Inventory is accounted for under method B.

Work is measured at costs incurred. Costs incurred are measured at actual costs determined by the entity. Costs incurred include direct costs and may include also attributable indirect costs related to the period.

### e) Receivables

Upon origination, receivables are stated at their nominal value as subsequently reduced by appropriate provisions for doubtful and bad amounts. Receivables acquired for consideration or as an investment to the equity are stated at cost less provisions for doubtful and uncollectible amounts.

The Company recognizes provisions for receivables based on ageing analysis and individual assessment.

Estimated receivables are measured based on best professional estimates and judgements.

### f) Equity

Share capital is recognized in the amount registered at the Commercial Register of the City Court of Prague. Contributions exceeding share capital are recognized as other capital funds. They consist of monetary contributions exceeding the amount of share capital.

The company can create other capital funds based on the resolution of annual meeting.

**g) Liabilities**

Long-term and current liabilities are measured at nominal values.

Estimated liabilities are measured based on best professional estimates and judgements.

**h) Reserves**

Reserves to cover liabilities and expenditure the nature of which is clearly defined and which are either likely to be incurred or certain to be incurred as of the balance sheet date but uncertain as to their amount or as to the date on which they will arise.

The company creates reserves for known risks for which a future probable liability is assumed, in particular a restructuring reserve, a reserve for outstanding vacation days and anniversaries, a reserve for repairs under warranty.

**i) Leasing**

Lease repayments are expensed as incurred. The initial lump-sum payment related to leases is amortised and expensed over the lease period.

**j) Foreign currency translation**

Assets and liabilities acquired for foreign currency are measured at Czech crowns at an exchange rate ruling at the date of the transaction. Monetary items were translated as of the balance sheet using Czech National Bank exchange rates as at 31.3.

All exchange gains and losses are recognized as financial income or financial expenses in the income statement.

**k) Accounting for revenue and expenses**

Revenue and expenses are recognized on an accrual basis in the period to which they relate.

**l) Income tax**

Tax expense is calculated using the actual tax rate and accounting profit increased or decreased by temporarily or permanently non-deductible expenses and non-taxable income. Further the tax base is adjusted for gifts, other items like tax losses, research and development incentives and tax reliefs.

Deferred tax represents tax impact of temporary differences between carrying amounts of assets and liabilities and their tax bases taking into account the moment of realization. In accordance with the prudence principle the entity does not recognize deferred tax assets.

**m) Subsequent events**

The impact of events occurring between the balance sheet date and the date of preparation of financial statements is recognized if these events provided additional information about transactions existing at balance sheet date.

The impact of significant events occurring between the balance sheet date and the date of preparation of financial statements is disclosed in the notes to the financial statements if these events relate to transactions occurring after the balance sheet date.

## 4. Non-current assets

### a) Intangible non-current assets (CZK thousand)

**Cost**

| | Balance b/f 1 April 2022 | Additions | Disposals | Transfers | Balance c/f 31 March 2023 |
|---|---|---|---|---|---|
| **Software** | 308 574 | - | - | - | 308 574 |
| **Assets under course of construction** | 3 144 | - | - | - | 3 144 |
| **Total** | **311 718** | **-** | **-** | **-** | **311 718** |

**Accumulated depreciation and provisions**

| | Balance b/f 1 April 2022 | Amortiz. | Sale/ liquidation/ Disposal | Provision/ Impairment | Balance c/f31 March 2023 |
|---|---|---|---|---|---|
| **Software** | 308 481 | 71 | - | - | 308 552 |
| **Assets under course of construction** | 3 144 | - | - | - | 3 144 |
| **Total** | **311 625** | **71** | **-** | **-** | **311 696** |

**Carrying amount**

| | At 31 March 2022 | At 31 March 2023 |
|---|---|---|
| **Software** | **93** | 22 |
| **Assets under course of construction** | **-** | - |
| **Total** | **93** | **22** |

### b) Tangible non-current assets (CZK thousand)

**Cost**

| | Balance b/f 1 April 2022 | Additions | Disposals | Transfers | Balance c/f 31 March 2023 |
|---|---|---|---|---|---|
| **Land and buildings** | 219 | | | | 219 |
| **Plant and equipment** | 12 904 | 16 | | | 12 920 |
| **Total** | **13 123** | **16** | | | **13 139** |

**Accumulated depreciation and provisions**

| | Balance b/f 1 April 2022 | Depreciat. | Sale/ Liquidation/ Disposal | Transfers | Balance c/f 31 March 2023 |
|---|---|---|---|---|---|
| **Land and buildings** | 219 | 4 | - | -4 | 219 |
| **Plant and equipment** | 12 748 | 107 | - | - | 12 855 |
| **Total** | **12 967** | **111** | **-** | **-4** | **13 074** |

**Carrying amount**

| | At 31 March 2022 | At 31 March 2023 |
|---|---|---|
| **Land and buildings** | **0** | 0 |
| **Plant and equipment** | **156** | 65 |
| **Total** | **156** | 65 |

Total cost of tangibles not recognized in balance amounted to:

At 31 March 2023: CZK 0 thousand (at 1 April 2022: CZK 0 thousand).

**5. Inventory**

The company recognized own products at 31 March 2023 in the amount of CZK 11,370 thousand (at 1 April 2022: CZK 16,934 thousand).

**6. Receivables**

Overdue receivables (CZK thousand)

| | At 31 March 2023 | At 31 March 2022 |
|---|---|---|
| **Up to 30 days overdue** | **2 682** | 102 |
| **Up to 60 days overdue** | **146** | 1 146 |
| **Up to 90 days overdue** | **0** | 0 |
| **Up to 365 days overdue** | **0** | 0 |
| **Over 365 days overdue** | **1 162** | 1 162 |
| **Total overdue receivables** | **3 990** | 2 410 |

Provision for bad debts (CZK thousand):

| | |
|---|---|
| **As of 31 March 2022** | 1 679 |
| Release of provisions | -518 |
| Creation of provisions | 520 |
| **As of 31 March 2023** | 1 681 |

There are no receivables more due in more than 5 years.

Estimated receivables consist mainly of expected receivables for unbilled services.

**7. Prepayments**

Prepayments include mostly rent of licences, rent of hardware, training. They are expensed in a period they relate to.

## 8. Equity

Share capital consists of 51 shares fully paid up with a nominal value of CZK 500,000 each. Other capital funds in the amount of CZK 180,827 thousand as of 31 March 2023 represent contributions beside share capital (as of 31 March 2022: CZK 180,827 thousand).

## 9. Provisions

| | Balance b/f 1 April 2022 | Recognition | Release | Balance c/f 31 March 2023 |
|---|---|---|---|---|
| **Restructuralization** | 2 676 | 0 | -2 676 | 0 |
| **Unused vacation** | 2 938 | 3 920 | -2 729 | 4 129 |
| **Other employee benefits** | 147 | 281 | -147 | 281 |
| **Reserve for repairs under warranty** | 1 733 | 282 | -742 | 1 272 |
| **Total** | **7 494** | **4 483** | **-6 294** | **5 683** |

## 10. Liabilities

The Company has no liabilities due in more than 5 years.

Long-term liabilities at 31 March 2023 amount to CZK 0 thousand (at 31 March 2022: CZK 0 thousand). Current liabilities at 31 March 2023 amount to CZK 19,040 thousand, including trade payables of CZK 4,897 thousand (at 31 March 2022: CZK 22,478 thousand, including trade payables of CZK 2,510 thousand).

Accruals represent mainly uninvoiced subcontracts and services provided in 2022.

Related party liabilities are presented in note 15.

## 11. Income tax

Analysis of deferred tax asset:

- difference between carrying amount and tax base of non-current assets: CZK 634 thousand
- provisions related to non-current assets: CZK 319 thousand
- provisions: CZK 1,080 thousand
- unused tax losses: CZK 8,347 thousand

Deferred tax asset amounts to CZK 10,380 thousand. The company does not recognize the deferred tax asset in accordance with the principle of prudence.

## 12. Revenue

| Revenue from sale of services (CZK thousand) | 31 March 2022 | 31 March 2023 |
|---|---|---|
| 1. Domestic sales | **109 230** | 85 024 |
| 2. EU sales | **32 290** | 63 031 |
| 3. Third countries | **9 165** | 20 382 |
| Revenue from sale of **goods** (CZK thousand) | **90** | 0 |
| **Total** | **150 775** | 168 437 |

Other operating revenues represent mainly subsidies received in relation to the COVID-19 pandemic.

## 13. Staff costs

Analysis of staff costs (CZK thousand):

| | Total as at 31 March 2022 | Including: Administrative Board | Total as at 31 March 2023 | Including: Administrative Board |
|---|---|---|---|---|
| **Average number of employees** | 103 | 3 | 102 | 3 |
| **Salaries** | 66 677 | 3 967 | 75 380 | 4 454 |
| **Social contribution and health insurance** | 22 667 | 1 452 | 25 696 | 1 618 |
| **Other** | **950** | **27** | **1 861** | **45** |
| **Total staff costs** | **90 294** | **5 446** | **102 937** | **6 117** |

In 2022 no remuneration was paid to members of the management, control or administrative body by virtue of their function.

During 2022 no advances, payments, loans or credits were provided to the members of the management, control or administrative body by virtue of their function. During 2022, no pension liabilities arose for current or former members of the governing body.

## 14. Financial revenues and expenses

Other financial revenues mainly include foreign exchange gains. Oher financial expenses include mainly exchange rate losses.

## 15. Related parties

Receivables and payables (CZK thousand)

| **Receivables** | Balance at 31 March 2022 | Balance at 31 March 2023 |
|---|---|---|
| **(Mahindra Engineering Services)** TECH MAHINDRA LONDON LIMITED | 102 | 98 |
| **Tech Mahindra Limited** | 2 578 | 5 401 |
| **Total** | 2 680 | 5 499 |
| | | |
| **Payables** | | |
| **Tech Mahindra Limited** | 1 154 | 1 552 |
| **Total** | 1 154 | 1 552 |

Revenues and expenses (CZK thousand)

| | Revenues | Expenses |
|---|---|---|
| **Tech Mahindra Limited** | 17 070 | 806 |
| **Total** | 17 070 | 806 |

## 16. Significant events after balance sheet date

We consider continuing invasion of Russian forces into Ukraine as an event with no significant impact into the events after balance sheet date.

Overall impact of recent development has appeared in from of increased volatility at financial and commodity markets and other consequences for the economy. Business risks including unfavourable impact of economic sanctions put in place on Russian Federation, discontinuation of business (including supply chain), increased occurrence of cyber-attacks, risk of violation of legal and regulatory rules and many other business risks are hard to evaluate and their overall impact and possible effects are not known at the moment.

**17. Statement of changes in equity**

| | Share capital | Other capital funds | Revaluation fund | Reserve fund | Retained earnings | Total |
|---|---|---|---|---|---|---|
| **Balance at 31 March 2022** | 25 500 | 180 827 | - | 100 | -146 694 | 59 733 |
| **Contribution outside of share capital** | - | - | - | - | - | - |
| **Net income for the current period** | - | - | - | - | 16 533 | 16 533 |
| **Balance c/f 31 March 2023** | 25 500 | 180 827 | - | 100 | -130 161 | 76 266 |

**18. Going concern assumption**

The financial statements as of 31 March 2023 have been prepared under going concern assumption.

**Signed on:** **May 24, 2023**

Name and signature of the
The Company Representative:

Ing. Karel Kollert
Member of the Administrative Board

# TECH MAHINDRA VIETNAM COMPANY LIMITED

**Board of directors**

Mr. Srinivasa Venugopal

**Registered Office**

Him Lam Business Center, 21st Floor,
Capital Tower, No.109 Tran Hung Dao,
Cua Nam Ward,
Hoan Kiem District,
Hanoi City, Vietnam

**Auditors**

BDO Audit Services Co. Ltd

# REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Tech Mahindra Vietnam Co., Ltd ("the Company") is pleased to present its report and the financial statements of the Company for the year ended 31 March 2023, which are audited by independent auditors.

**General Information**

Tech Mahindra Vietnam Co., Ltd (hereafter referred as "the Company") is a limited liability company with one member incorporated under the Law on Enterprise of Vietnam pursuant to the Investment Certificate No 6557776707 dated 24 January 2017 and Business Registration dated 23 March 2017, which are issued by Hanoi Department of Planning and Investment.

**Members of Council**

The council had the following persons as its members during the year under review.

| Name | Position |
|---|---|
| Mr. Manish Goenka | Chairman |
| Mr. Gautam Shirali | Member |
| Mr. Srinivasa Raghavan Venugopal | Member |

**Board of Directors**

Member of Board of Directors during the fiscal year and as on the date of the report is:

| Name | Position |
|---|---|
| Mr. Srinivasa Raghavan Venugopal | Director |

**Legal Representative**

The legal representative of the Company during the year and at the date of this report is Mr. Srinivasa Raghavan Venugopal – Director.

**Auditors**

BDO Audit Services Co., Ltd was selected to audit the Financial Statements for the year ended 31 March 2023 of Tech Mahindra Vietnam Co., Ltd.

**Responsibilities of the Board of Directors for the Financial Statements**

The Board of Directors of the Company is responsible for preparing the financial statements, which give a true and fair view of the Company's financial position as at 31 March 2023 as well as its operations results and its cash flows for the fiscal year then end. The Board of Directors believes there are no contingent events that may affect the going concern of the Company. In preparing the Financial Statements, the Board of Directors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State applicable accounting principles that have been followed, any material deviations (if any) discovered and explained in the Financial Statements;
- Prepare the Financial Statements on going concern basis unless it is inappropriate to presume that the Company will continue in business;
- Design and implement effectively the internal control system in order to ensure that the preparation and presentation of the financial statements are free from material misstatements due to frauds or errors.

The Board of Directors is responsible for ensuring that accounting books are kept adequately to give a true and fair view of the financial position of the Company and to ensure that the accompanying financial statements of the Company were prepared in accordance with Vietnamese Accounting Standards, current Corporate Accounting System of Vietnam and relevant legal regulations. The Board of Directors is also responsible for safeguarding the Company’s assets and hence for taking reasonable for the prevention and detection of fraud and other irregularities.

The Board of Directors is also responsible for safeguarding the assets of the Company and has therefore taken reasonable steps to prevent and detect fraud and other irregularities.

The Board of Directors confirms that it has complied with the above requirements in preparing financial statements.

**APPROVA L OF FINANCIAL STATEMENTS**

The Board of Directors approved the financial statements for the year ended 31 March 2023, attached from page 587 to 604. In the opinion of the Board of Directors, the audited financial statements (attached) gives a true and fair view of the financial position of the Company as at 31 March 2023 as well as its results of operations and cash flows for the year then ended.

For and on behalf of the Board of Directors

**Srinivasa Raghavan Venugopal**

Director

Place and Date: Vietnam, June 12, 2023

# INDEPENDENT AUDITORS' REPORT

Financial Statements of Tech Mahindra Vietnam Co., Ltd for the financial year ended 31 March 2023

**MEMBER OF COUNCIL AND THE BOARD OF DIRECTORS**
**TECH MAHINDRA VIETNAM CO., LTD**

We have audited the accompanying financial statements of Tech Mahindra Vietnam Co., Ltd dated 09 June 2023 including: Balance Sheet as at 31 March 2023, Income Statement, Statement of Cash flow and Notes to the Financial Statements for the financial year then ended, which are set out on page 05 to page 22.

**Responsibilities of the Board of Directors**

The Board of Directors is responsible for the preparation and fair presentation of the Company's financial statements in accordance with Vietnamese accounting standards, Vietnamese Corporate accounting system and other prevailing legal regulations, and for such internal control as the Board of Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or errors.

**Responsibilities of auditors**

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgments, including the assessment of the risks of material misstatements on the financial statements, whether due to fraud or errors. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion of auditors**

In our opinion, in all material respects, the accompanying financial statements give a true and fair view of the financial position of Tech Mahindra Vietnam Co., Ltd as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and other prevailing legal regulations on preparation and presentation of the Financial Statements.

**BDO AUDIT SERVICES CO.,LTD**

**Le Thi Minh Hong**
**Deputy Director**
Certificate for Audit application registration: 1922-2023-038-1

**Pham Hong Minh**
**Auditor**
Certificate for Audit application registration: 3356-2020-038-1

# BALANCE SHEET

**As at 31 March 2023**

UNIT: VND

| ASSETS | Code | Notes | Closing balance | Opening balance |
|---|---|---|---|---|
| **A. CURRENT ASSETS** | 100 | | **775,514,473,170** | 479,271,098,334 |
| **I. Cash and cash equivalents** | 110 | V.1 | **110,126,635,579** | 313,052,641,530 |
| 1. Cash | 111 | | **20,126,635,579** | 38,052,641,530 |
| 2. Cash and cash equivalents | 112 | | **90,000,000,000** | 275,000,000,000 |
| **II. Short-term financial investments** | 120 | | **350,000,000,000** | - |
| 1. Held to maturity investments | 123 | | **350,000,000,000** | - |
| **III. Current receivables** | 130 | | **304,920,203,500** | 156,765,343,800 |
| 1. Trade receivables | 131 | V.2 | **304,750,184,699** | 156,694,277,289 |
| 2. Other current receivables | 136 | V.3 | **170,018,801** | 71,066,511 |
| 3. Provision for doubtful debt | 137 | | **-** | - |
| **IV. Inventories** | 140 | | **2,702,631,411** | 4,266,395,661 |
| 1. Inventory | 141 | | **2,702,631,411** | 4,266,395,661 |
| **V. Other current assets** | 150 | | **7,765,002,680** | 5,186,717,343 |
| 1. Short-term prepaid expenses | 151 | V.4 | **7,421,424,335** | 5,120,042,741 |
| 2. VAT deductible | 152 | | **-** | 66,674,602 |
| 3. Taxes and other receivables from the State | 153 | | **343,578,345** | - |
| **B. NON-CURRENT ASSETS** | 200 | | **58,910,823,017** | 62,510,749,076 |
| **I. Tangible assets** | 220 | V.5 | **48,675,550,022** | 61,338,728,030 |
| 1. Tangible assets | 221 | | **48,675,550,022** | 61,338,728,030 |
| - Historical cost | 222 | | **88,916,057,678** | 88,866,007,678 |
| - Accumulated depreciation | 223 | | **(40,240,507,656)** | (27,527,279,648) |
| **II. Other non-current assets** | 260 | | **10,235,272,995** | 1,172,021,046 |
| 1. Long-term prepaid expenses | 261 | V.4 | **9,575,444,966** | 512,193,017 |
| 2. Deffered tax assets | 262 | | **659,828,029** | 659,828,029 |
| **TOTAL ASSETS** | 270 | | **834,425,296,187** | 541,781,847,410 |
| **C. LIABILITIES** | 300 | | **732,138,227,157** | 501,939,352,874 |
| **I. Current liabilities** | 310 | | **732,138,227,157** | 501,939,352,874 |
| 1. Trade payables | 311 | V.6 | **715,381,884,519** | 413,465,964,521 |
| 2. Taxes and duties to the State | 313 | V.7 | **774,777,468** | 681,130,259 |
| 3. Payables to employees | 314 | | **-** | - |
| 4. Accrued expenses | 315 | V.8 | **3,411,120,068** | 75,550,012,864 |
| 5. Other short-term payables | 319 | V.9 | **764,445,102** | 752,245,230 |
| 6. Short-term loans and finance lease liabilities | 320 | V.10 | **11,806,000,000** | 11,490,000,000 |

UNIT: VND

| ASSETS | Code | Notes | Closing balance | Opening balance |
|---|---|---|---|---|
| **D. OWNERS' EQUITY** | 400 | | **102,287,069,031** | 39,842,494,535 |
| **I. Owner's equity** | 410 | V.11 | **102,287,069,031** | 39,842,494,535 |
| 1. Contributed capital | 411 | | **23,840,000,000** | 1,135,000,000 |
| 2. Undistributed post-tax profits | 421 | | **78,447,069,031** | 38,707,494,535 |
| - Undistributed post-tax profits accumulated by end of previous year | 421a | | **16,002,494,535** | 12,288,766,652 |
| - Undistributed post-tax profits of currentyear | 421b | | **62,444,574,496** | 26,418,727,883 |
| **TOTAL RESOURCES** | 440 | | **834,425,296,187** | 541,781,847,410 |

Hanoi, 09 June 2023

**Nguyen Cong Vinh**
Chief Accountant

**Srinivasa Raghavan Venugopal**
Director

# INCOME STATEMENT

**For the financial year ended 31 March 2023** **B 01-DN**

UNIT: VND

| ITEMS | Code | Notes | Current year | Previous year |
|---|---|---|---|---|
| 1. Revenue from sales of goods and services | 01 | VI.1 | 381,381,281,411 | 360,706,236,670 |
| 2. Revenue deductions | 02 | | - | - |
| **3. Net revenue from sales of goods and services** | **10** | | **381,381,281,411** | **360,706,236,670** |
| 4. Cost of goods sold and services rendered | 11 | VI.2 | 306,932,367,867 | 329,767,129,020 |
| **5. Gross revenue from sales of goods and services** | **20** | | **74,448,913,544** | **30,939,107,650** |
| 6. Financial incomes | 21 | VI.3 | 221,585,483 | 217,155,121 |
| 7. Financial expenses | 22 | VI.4 | 3,158,742,464 | 331,610,827 |
| - In which: Interest expenses | 23 | | 233,024,423 | 210,014,559 |
| 8. Selling expenses | 25 | | - | - |
| 9. Administrative and general expenses | 26 | VI.5 | 8,278,316,040 | 4,263,130,382 |
| **10. Net profit from operating activities** | **30** | | **63,233,440,523** | **26,561,521,562** |
| 11. Other incomes | 31 | | 57,079,725 | 40,101,024 |
| 12. Other expenses | 32 | | 89,016,570 | 9,888,171 |
| **13. Other profit/(loss)** | **40** | | **(31,936,845)** | **30,212,853** |
| **14. Total pre-tax profit** | **50** | | **63,201,503,678** | **26,591,734,415** |
| 15. Current corporate income tax expenses | 51 | VI.7 | 756,929,183 | 173,006,531 |
| 16. Deferred corporate income tax expenses | 52 | | - | - |
| **17. Profit after corporate income tax** | **60** | | **62,444,574,496** | **26,418,727,883** |

Hanoi, 09 June 2023

**Nguyen Cong Vinh**
Chief Accountant

**Srinivasa Raghavan Venugopal**
Director

# STATEMENT OF CASH FLOW

**For the financial year ended 31 March 2023**

UNIT: VND

| ITEMS | Code | Notes | Current year | Previous year |
|---|---|---|---|---|
| **I. CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| **1.(Loss)/Profit before tax** | **01** | | **63,201,503,678** | **26,591,734,415** |
| **2. Adjustments for:** | | | | |
| - Depreciation and amortisation | 02 | | 12,713,228,008 | 12,706,415,642 |
| - Provision | 03 | | - | (2,697,000,000) |
| - Profits/losses of exchange rate differences from revaluation of accounts derived from foreign currencies | 04 | | 192,320,483 | 29,096,268 |
| - Gain/loss from investing activities | 05 | | (221,585,483) | (68,045,936) |
| - Interest expense | 06 | | 233,024,423 | 210,014,559 |
| 3. Operating income before changes in working capital | **08** | | **76,118,491,110** | **36,772,214,947** |
| - Increase/decrease in receivables | 09 | | (148,431,763,445) | (41,074,512,398) |
| - Increase/decrease in inventories | 10 | | 1,563,764,250 | (2,531,862,841) |
| - Increase/decrease in payables (other than interest expenses, corporate income tax payables) | 11 | | 229,518,599,040 | 243,793,748,968 |
| - Increase/decrease prepaid expenses | 12 | | (11,364,633,543) | 2,052,161,293 |
| - Corporate income tax paid | 15 | | (501,998,846) | - |
| **Net cash flows from operating activities** | **20** | | **146,902,458,566** | **239,011,749,969** |
| **II. CASH FLOWS FROM INVESTMENT ACTIVITIES** | | | | |
| 1. Additions to fixed assets and other long-term assets | 21 | | (50,050,000) | - |
| 2. Loans to and payments for purchase of debt instruments of other entities | 23 | | (350,000,000,000) | - |
| 3. Proceeds from loans, dividends, profit | 27 | | 221,585,483 | 68,045,936 |
| **Net cash flows from investment activities** | **30** | | **(349,828,464,517)** | **68,045,936** |
| **III. CASH FLOW FROM FINANCIAL ACTIVITIES** | | | | |
| 1. Proceeds from borrowing | 33 | | - | - |
| 2. Payment for the original borrowing | 34 | | - | - |
| **Net cash flows from financial activities** | 40 | | - | - |
| **NET CASH INFLOWS** | **50** | | **(202,926,005,951)** | **239,079,795,905** |
| **Cash and cash equivalents at the beginning of the year** | 60 | V.1 | 313,052,641,530 | 73,972,845,625 |
| Impact of exchange rate difference | 61 | | - | - |
| **Cash and cash equivalents at the end of the year** | **70** | **V.1** | **110,126,635,579** | **313,052,641,530** |

Hanoi, 09 June 2023

**Nguyen Cong Vinh**
Chief Accountant

**Srinivasa Raghavan Venugopal**
Director

# NOTES TO THE FINANCIAL STATEMENTS

**For thefinancial year ended 31 March 2023**

## I. CORPORATE INFORMATION

### 1. Owner's equity

Tech Mahindra Vietnam Co., ltd (hereafter referred as "the Company"') is an one member limitedliability company incorporated under the Law on Enterprise of Vietnam with duration of 10 years pursuant to the Investment Certificate No 6557776707 dated 24 January 2017 and Business Registration dated 23 March 2017 issued by Hanoi Department of Planning and Investment. Parent Company is Tech Mahindra Limited, with the operatinglicense No. 041370 dated 24/ 10/1986 in India, the head office islocated at Gateway Building, Apollo Bunder, Mumbai - 400001, Maharashtra, India.

The information about investors are as follows:

| | | Capital contributed | |
|---|---|---|---|
| Investors | Under Investment License (USO) | Ownership Proportion | As at 31 March 2023 |
| Tech Mahindra Limited | 1,050,000 | 100% | 1,050,000 |

### 2. Principal activities of the Company

- Software manufacturing;
- IT services and other services related to computers;
- Implementing the retailing distribution right (without establishing retail outlets) of the goods with HS code 8471.

### 3. Normal operating cycle

The operating cycle is the average period of time required for a business to make an initial outlay of cash to produce goods, sell the goods or serives, and receive cash from customers in exchange for the goods or services. Normal operating cycle of the Company is 12 months.

### 4. Performance characteristics of the business during the year that affect the financial statements

The Covid-19 pandemic is leading to an economic downturn and significantly affecting most businesses and industries. This situation leads to factors of uncertainty and may impact the environment in which the Company operates. The Board of Directors are continuing to monitor the situation, as well as assess the financial effects related to the assessment of assets, provisions and liabilities, and using estimates and judgments for a variety of matters, based on reliable information available to the date of these financial statements.

### 5. Employee

The total number of employees of the Company as at 31 March 2023 is 24 persons (as of 31 March 2022 is 45 person).

## II. ACCOUNTING PERIOD, ACCOUNTING CURRENCY

### 1. Accounting period

The Company's accounting period is from 01 April N-1 to 31 March N.

### 2. Accounting currency

The Company maintains its accounting records in Vietnamese Dong (VND).

## III. APPLICABLE ACCOUNTING SYSTEM AND ACCOUNTING STANDARDS

### 1. Accounting framework

The Company applies Vietnamese Corporate Accounting System issued accompanying with Circulars No. 200/2014/TT-BTC dated 22 December 2014 of the Ministry of Finance, and Circular 53/2016 TT-BTC dated 21/03/2016 issued by the Ministry of Finance for modifying, supplementing some articles of Circular No.200/2014/TT-BTC.

Financial statements are prepared under historical cost principle and in accordance with Vietnamese Accounting Standards. The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

### 2. Declaration on compliance with accounting standard and accounting system

The Board of Directors ensures that the financial statements have been prepared and presented in accordance with the requirements of the Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and other prevailing legal regulations guiding the preparation and presentation of financial statements.

## IV. APPLICABLE ACCOUNTING POLICIES

### 1. Exchange rates applied in accounting system

- Commercial bank the Company selects to apply exchange rate in accounting is Citibank, N.A, Ha Noi Branch (Citibank);

- Exchange rates applied in transaction recording comprise:

- Actual exchange rates at the time of incurred transaction:

Shall be used to convert into currency recorded in accounting book for transaction of recording revenue, other income, operating expenses, other expenses, assets, other receivables, equity in cash, prepayments to buyers, payables, advance received from customers.

In the case of sale of goods or provision of services related to revenue received in advance or receipts in advance from the buyer: Revenue, income corresponding to the amount received in advance will be applied at the actual transaction exchange rate at the time buyer’s pre-emptive point.

In case of buying assets related to prepaid transactions to sellers: The value of assets corresponding to the prepaid amount shall be the actual transaction exchange rates applicable at the time of advances to the sellers.

+ Specific identification actual accounting book exchange rates:

Shall be used to convert transactions into the accounting currency for ones recorded for decrease in: Receivables, Advances from customers due to the transfer of products, goods, fixed asets, services, accepted volume, Collaterals, Prepaid expenses, Payables, Advances to suppliers for products, goods, fixed assets, services received, accepted volume.

- Moving weighted average bookkeeping rate:

Shall be used to convert into the currency recorded in accounting books in the Credit side of the cash accounts when making a payment in foreign currency.

- Actual exchange rates upon revaluation at the date of the financial statements:

- For monetary items derived from foreign currencies classified as assets: applied exchange rate is exchange rate of buying of Citibank as at 31 March 2023. For foreign currency deposited in bank, the actual exchange rate upon revaluation is exchange rate of the bank where the Company opens foreign currency accounts.

- For monetary items derived from foreign currencies classified as liabilities: applied exchange rate in revaluation is selling exchange rate announced by Citibank as at 31 March 2023.

Exchange rate difference in the year and difference from revaluation of monetary items denominated in foreign currencies are recognized as financial income or expenses in the year.

**2. Recognition of cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposit and time deposit, cash in transit and short-term investments with maturity of less than three months that can be easily transferred to cash without any risks in transferring at the date of the report. The identification of cash and cash equivalents is in accordance with Vietnam Accounting Standard No. 24 “Cash Flow Statement”.

**3. Recognition of receivables**

Receivables are amounts that can be collected from customers or other entities. Receivables are stated at carrying amount less provisions for bad debts.

The amounts of receivables shall be classified into trade receivables, other receivables following principles below:

- Trade receivables: include commercial receivables generating from purchase - sale related transactions;

- Other receivables: include non - commercial or non - trading receivables such as receivables from loans, deposits, dividends and profit distributed, payments entitled by third party, amounts that the entrusted party must collect for the entrusting party, receivables from lending the property, receivables for fines, compensations, assets awaiting resolution, and etc.

**Monitoring receivables**

Receivables shall be recorded specifically to original terms and remaining recovery terms as at the reporting date, original currencies and each object. At the financial statements’ preparation date, receivables which have remaining recovery terms of less than 12 months or a business cycle are classified as current receivables, receivables which have remaining recovery terms of over 12 months or a business cycle are classified as non - current receivables.

**Allowance for doubtful debts**

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date, which are doubtful of being recovered. Increases and decreases to the provision balance are recorded as general and administrative expense in the Income statement.

**4. Recognition of Inventory**

Inventories are determined based on the lower of cost and net realizable value. The price of inventories comprises all costs of purchases, costs of conversion and other costs directly related to bringing the inventories to the location and current status. The net realizable value is determined as the estimated selling price minus (-) the estimated costs to complete the product and the estimated costs necessary for consumption.

**5. Recognition of prepaid expenses**

Prepaid expenses are expenses which have actually incurred yet are related to operational outputs of many accounting periods and the transfer of these expenses to operating expenses of subsequent accounting periods.

Prepaid expenses include internet costs, warranty provision expenses, tools, etc. and other expenses in the course of business operations of the Company. These expenses are considered capable future economic benefits of the Company. These costs are amortized to the income statement on a straight-line basis based on the Company’s estimated useful lives or time to recovery.

Each prepaid expense incurred shall be recorded in details of maturity. As at the reporting date, prepaid expenses that have maturity of less than 12 months or a business cycle since the date of prepayment are classified as current prepaid expenses, expenses that have maturity of over 12 months or a business cycle since the date of prepayment are classified as non-current prepaid expenses.

**6. Recognition of fixed assets and depreciation**

Fixed assets are stated at historical cost and accumulated depreciation.

The historical cost of tangible fixed asset comprises of its purchase price and any directly attributable costs to bring the tangible fixed assets into work condition for its intended use. The identification of the historical cost of each category of tangible fixed assets is in accordance with Vietnames Accounting Standard No. 03 on tangible fixed assets.

Costs incurred after initial recognition such as maintenance and repairs are charged to the income statement as incurred. In situations where can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of tangible fixed assets beyond its originally assessed standard of performance, the expenditure is capitalized as an additional cost of tangible assets.

When fixed assets are sold or proposed, their cost and accumulated depreciation are eliminated from the Balance sheet and any gain or loss arising from the disposal of fixed assets are accounted for in the income statement.

**6. Recognition of fixed assets and depreciation (continued)**

Depreciation of tangible assets and intangible assets is calculated using the straight-line method, in accordance with the Circular 45/2013/TT-BTC dated 25 April 2013 of the Finance Ministry and Circular 147/2016/TT-BTC dated 13 October 2016 of the Finance Ministry promulgating on management and use of fixed assets depreciation. Estimated useful lives of fixed assets are as follows:

| Assets | Useful life |
|---|---|
| Machinery and equipment | 07 years |
| Office Equipment | 03 years |

**7. Recognition of payables**

Payables are stated at cost. The amount of payable shall be classified into trade payable and other payables following principles below:

- Trade payables: include commercial payables arisen from purchases of goods, services or assets.

Other payables: include non-commercial payable amounts, or payable amounts that are not related to trading in goods or services (such as payables by a third party, payables arising from borrowing assets, fines and compensation payable, assets awaiting resolution, payables on social insurance, health insurance, unemployment insurance, union funds and etc..).

Accounts payable are tracked in detail by original term, remaining term at the reporting time, original currency and each object. At the balance sheet date, a liability with a remaining maturity of not more than 12 months or a business cycle is classified as a short-term liability, a liability with a maturity of more than 12 months, or a business cycle. business period is recorded as a long-term payable.

Accounts payable that satisfy the definition of currencies denominated in foreign currencies: Revaluated as at 31 March 2023 at actual exchange rates at the end of the period (See Note IV.1)

**Monitoring payables**

Payables shall be specially recorded to original terms and remaining terms as at the reporting date, original currencies and each object. At Financial Statement’s preparation date, payables that have remaining repayment terms of less than 12 months or a business cycle are classified as current payables, payables that have remaining repayment terms of over 12 months or a business cycle are classified as non-current payables.

Recognized payables shall be not lower than payable obligations.

**8. Recognition of borrowings and finance lease liabilities**

Borrowings and finance lease liabilities shall be specially recorded to each object, terms, original currencies. As at the consolidated financial statement’s preparation date, borrowings and finance lease liabilities that have remaining repayment terms of less than 12 months or a business cycle are classified as current borrowings and finance lease, ones that have remaining repayment terms of over 12 months or a business cycle are classified as non-current borrowings and finance lease liabilities.

Borrowings and finance lease liabilities that satisfy the definition of monetary items denominated in foreign currencies: Revalued as at 31/03/2023 at actual exchange rates at the end of the period (see Notes IV.1 )

Recognition of borrowing expenses

Borrowing expenses include interest expenses and expenses directly relating to the borrowings (such as appraisal costs, audit costs, loan application cost and etc.).

Borrowing expenses are recognized as financial expenses during the period as incurred (except capitalization cases according to regulations in Vietnam Accounting Standards No. 16 “Borrowing expenses”).

**9. Recognition of accrued expenses**

Accrued expenses include expenses that have been recored into the operating cost, but not actually paid at the end of the fiscal year to ensure the consistency between revenues and expenses. Accrued expenses are recorded based on the reasonable estimation of amount payable for received goods and services including expenses for audit fee, tax and accounting service fee, and etc.

**10. Recoginition of provision for liabilities**

A provision is 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 resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Recognized provision satisfies conditions in Vietnamese Accounting Standard 18 “Provision, contingent assets and liabilities”.

**11. Recognition of owner’s equity**

Recognition of owner’s equity

Owner’s equity is recognized under actual contribution of investors. The actual amount of contribution capital as at 31/03/2023 is USD 1,050,000, which equivalent to VND 23,840,000,000.

**Recognition of retained earnings**

Retained earnings reflect the business results (profit, loss) after corporate income tax and profit sharing situation or dealing with loss of the Company. Retained earnings shall be specifically recorded to the operational results of each financial year (previous year, current year) and to each profit sharing content (appropriated funds, additional investment capital of the owner, dividends, profits for shareholders and investors).

**12. Recognition of revenue**

Revenue from sales of goods

Revenue from sales of goods is recognized when the outcomes of such transactions can be reliably measured and the Company is able to obtain economic benefits from these transactions. Revenue is recognized when the majority of risks and benefits of ownership of the goods have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding the recovery of the funds or the possible return of funds.

**Revenue from rendering of services**

Revenue from the rendering of services is recognized when the outcome of such transactions is reliably determined. When the contract result can be reliably determined, revenue will be recognized based on the level of completion of the work. The level of completion of work is determined by the percentage of number of working hours incurred up to the end of the accounting period in relation to the total estimated hours worked for each contract.

If the contract can not be reliably determined, revenue will only be recognized at the recoverable amount of the costs recognized.

Service revenue is recognized when the outcome of the transaction can be reliably measured. Revenue from services is determined by adding a percentage of the actual costs incurred, minus interest expenses, exchange rate differences and current corporate income tax expenses. service during the period. The plus rate agreed on the contract is 8%.

**Financial income**

Financial income includes interest on deposits, loan interests, dividends and profits distributed, rental income and income from securities trading activities.

Interest on deposits and loan interest is recognized on the basis of the actual time and interest rate in each period, unless the possibility of recovering interest is uncertain.

**13. Recognition of cost of goods sold**

Cost of goods sold represent cost of goods/service provision in the year. Cost of goods sold is recognized on matching principle between revenue and expenses.

**14. Recognition of financial expenses**

Financial expenses include: expenses or losses related to borrowing expenses, exchange rate losses, bank fees.

Interest expenses (including accrued interests), losses on the exchange rate differences of the reporting period are fully recognized in the period.

**15. Recognintion of Administrative expenses**

General and administrative expenses are general management expenses, including salaries and social insurance, health insurance, trade union funds, unemployment insurance for administrative employees (salaries, wages, allowances and etc.); expenses for office supplies, labor tools; rental fee; outsourced services (electricity, water, telephone, fax, audit fee, tax and accounting service fees and etc).

**16. Tax accounting principles**

Current Corporate Income Tax

Current income tax expenses are determined on the basis of taxable income. Corporate income tax (CIT) applicable to the company is as follows:

**Regarding taxable income from software manufacturing activities:**

The CIT rate applicable for the Company is 10% of taxable income for 15 years from the operations commencement date and the standard CIT rate applies in subsequent years.

The Company is entitled to an exemption from CIT for 4 years commencing from the first year in which a taxable income is earned and a 50% reduction of the applicable CIT tax rate for the following 9 years. The Company's first year of taxable income is 2020, therefore for the financial year ended 31 March 2023 the Company is exempt from tax for software manufacturing operation.

**Regarding taxable income from other activities:**

The CIT rate applicable to the Company for income from other activities is 20% of taxable income.

**Deferred tax**

Deferred corporate income tax is the amount of income tax payable or refunded due to the temporary difference between the carrying amount of assets and liabilities for the purpose of preparing and presenting financial statements and the values used for tax calculation.

Other taxes: Other taxes are applied according to current tax regulations in Vietnam.

Tax reports of the Company will be subject to inspection of tax authorities. Since the application of laws and regulations on taxation for different transactions can be interpreted in many different ways, the amounts presented in the financial statements could be changed according to the final decision of the tax authorities.

**17. Related party**

Related parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial and operating policy decisions. Parties are also considered related if they are subject to common control or common significant influence. Stakeholders can be companies or individuals, including close family members of individuals who are considered related parties.

In considering the relationship of related parties, the nature of the relationship is more important than the legal form.

Transactions and balances with related parties during the year are presented in Notes VII.1

## V. ADDITIONAL INFORMATION FOR ITEMS ON THE STATEMENT OF FINANCIAL POSITION

Following items are presented in Vietnam dong (VND).

### 1. Cash and cash equivalent

| | Closing balance | Opening balance |
|---|---|---|
| Cash on hand | **-** | - |
| Cash in bank - Citibank, N.A, Ha Noi Branch (Citibank) | **20,126,635,579** | 38,052,641,530 |
| **Total** | **20,126,635,579** | 38,052,641,530 |
| Cash equivalent (*) | **90,000,000,000** | 275,000,000,000 |
| **Total cash and cash equivalent** | **110,126,635,579** | 313,052,641,530 |

(*) Cash equivalent represents a term deposit at Citi Bank with term less than 3 months, interest rate 1%/year

### 2. Held-to-maturity investment

| | Closing balance | | Opening balance | |
|---|---|---|---|---|
| | Cost | Carrying value | Cost | Carrying value |
| Term Deposit (*) | 350,000,000,000 | 350,000,000,000 | - | - |
| **Total** | 350,000,000,000 | 350,000,000,000 | - | - |

(*) Term deposit in VND at CitiBank Vietnam - Hanoi Branch with term over 3 months and interest rate of 2.5%/year.

### 3. Trade receivables

**Current trade receivables**

| | Closing balance | Opening balance |
|---|---|---|
| **Receivables from related parties (Details in Notes VII.1)** | | |
| Tech Mahindra Limited | **296,763,183,017** | 85,711,961,284 |
| **Receivables from third partíes** | | |
| Customer 1 | **539,400,000** | 539,400,000 |
| Customer 2 | **-** | 809,440,849 |
| Customer 3 | **-** | 780,627,700 |
| Customer 4 | **3,043,498,032** | 68,852,847,456 |
| Customer 5 | **2,759,803,650** | - |
| Customer 6 | **1,644,300,000** | - |
| **Total** | **304,750,184,699** | 156,694,277,289 |

### 4. Prepaid expenses

### a. Short-term prepaid expenses

| | Closing balance | Opening balance |
|---|---|---|
| Internet charges, telephone | **781,069,875** | 118,195,805 |
| Software maintenance and support services fee | **6,640,354,460** | 5,001,846,936 |
| **Total** | **7,421,424,335** | 5,120,042,741 |

### a. Long-term prepaid expenses

| | Closing balance | Opening balance |
|---|---|---|
| Tools, suppliers | **1,430,949,981** | 510,228,245 |
| Software maintenance and support services fee | **8,144,494,985** | 1,964,772 |
| **Total** | **9,575,444,966** | 512,193,017 |

## V. ADDITIONAL INFORMATION FOR ITEMS ON THE STATEMENT OF FINANCIAL POSITION

### 5. Tangible fixed assets

| | Machinery and Equipment | Office Equipment | Total |
|---|---|---|---|
| **HISTORICAL COST** | | | |
| As at openning balance | 88,806,831,300 | 59,176,378 | 88,866,007,678 |
| Purchase in the year | - | 50,050,000 | 50,050,000 |
| As at closing balance | **88,806,831,300** | **109,226,378** | **88,916,057,678** |
| **ACCUMULATED DEPRECIATION** | | | |
| As at opening balance | 27,487,828,736 | 39,450,912 | 27,527,279,648 |
| Depreciation in the year | 12,686,690,184 | 26,537,824 | 12,713,228,008 |
| As at closing balance | **40,174,518,920** | **65,988,736** | **40,240,507,656** |
| **CARRYING AMOUNT** | | | |
| **As at opening balance** | 61,319,002,564 | 19,725,466 | 61,338,728,030 |
| **As at closing balance** | **48,632,312,380** | **43,237,642** | **48,675,550,022** |

In which: Cost of fixed assets fully depreciated but still in use: 0 dong

Cost of fixed assets are temporarily not in use: 0 dong

Carrying value of fixed assets pledged as security of borrowings: 0 dong

### 6. Trade payables

| | Closing balance | | Opening balance | |
|---|---|---|---|---|
| | Original Amount | Amount can be paid off | Original Amount | Amount can be paid off |
| **Trade payables are third parties** | | | | |
| Vendor 1 | 1,994,827,235 | 1,994,827,235 | 1,289,178,000 | 1,289,178,000 |
| Vendor 2 | 106,522,303 | 106,522,303 | 71,742,005 | 71,742,005 |
| Others | 35,002,766 | 35,002,766 | 624,612,143 | 624,612,143 |
| **Trade payables are related parties** | | | | |
| Tech Mahindra Limited | 423,636,493,439 | 423,636,493,439 | 299,524,126,775 | 299,524,126,775 |
| Tech Mahindra ICT Services (Malaysia) SDN.BHD | 289,609,038,776 | 289,609,038,776 | 111,956,305,598 | 111,956,305,598 |
| **Total** | **715,381,884,519** | **715,381,884,519** | **413,465,964,521** | **413,465,964,521** |

### 7. Taxe and obligation to the state

| | Opening balance | Payable in the year | Paid in the year | Closing balance |
|---|---|---|---|---|
| Coporate income tax | 205,210,068 | 756,929,183 | 501,998,846 | 460,140,405 |
| Personal income tax | 475,920,191 | 4,034,998,483 | 4,196,281,611 | 314,637,063 |
| Other tax | - | 364,874,751 | 364,874,751 | - |
| **Total** | **681,130,259** | **5,156,802,417** | **5,063,155,208** | **774,777,468** |

## V. ADDITIONAL INFORMATION FOR ITEMS ON THE STATEMENT OF FINANCIAL POSITION

### 8. Accrued expenses

**Current accrued expenses**

| | Closing balance | Opening balance |
|---|---|---|
| Professional services | **799,650,541** | 162,303,883 |
| Loan interest | **1,432,944,680** | 1,199,920,257 |
| Accrued cost of good sold | **922,644,622** | 73,394,557,197 |
| Others | **255,880,225** | 793,231,527 |
| **Total** | **3,411,120,068** | 75,550,012,864 |

### 9. Other current payables

| | Closing balance | Opening balance |
|---|---|---|
| Payables to TechMahindra Limited | **754,677,555** | 735,540,589 |
| Others | **9,767,547** | 16,704,641 |
| **Total** | **764,445,102** | 752,245,230 |

### 10. Short-term loans

| | Opening Balance | During the year | | Closing Balance |
|---|---|---|---|---|
| | Amount is also repayable amount | Increase | Decrease | Amount is also repayable amount |
| **Short-term loans** | | | | |
| Loan from related party | 11,490,000,000 | 223,500,000 | - | 11,806,000,000 |
| **Total** | **11,490,000,000** | **223,500,000** | **-** | **11,806,000,000** |

Details of loans and debts are as follows

| Lender | Balance principal debt | | Maturity date | Interest (%/year) |
|---|---|---|---|---|
| | USD | VND | | |
| **Tech Mahindra ICT Services (Malaysia) SDN.BHD** | | | | |
| Loan contract dated 25/06/2018, Appendix for loan extension dated 25/06/2022 | 500,000 | 11,806,000,000 | 25/06/2023 | Libor + 0.01%/ year |
| | **500,000** | **11,806,000,000** | | |

### 11. Owner’s equity

#### 11.1 Changes in owner’s equity

| Items | Owner's equity | Retained earnings | Total |
|---|---|---|---|
| **Opening balance of the previous year** | 1,135,000,000 | 12,288,766,652 | 13,423,766,652 |
| Increase in capital in previous year | - | - | - |
| Profit in previous year | - | 26,418,727,883 | 26,418,727,883 |
| **Balance at the end of the previous year** | 1,135,000,000 | 38,707,494,535 | 39,842,494,535 |
| Increase in capital in current year | **22,705,000,000** | **(22,705,000,000)** | **-** |
| Profit in the current year | - | 62,444,574,496 | 62,444,574,496 |
| **Balance at the end of the current year** | 23,840,000,000 | 78,447,069,031 | 102,287,069,031 |

## V. ADDITIONAL INFORMATION FOR ITEMS ON THE STATEMENT OF FINANCIAL POSITION

### 11. Owner's equity

### 11.2 Details of owner's equity

| | Charter capital | | Charter capital paid in actual (USD) |
|---|---|---|---|
| | According to Investment licence (USD) | Ownership ratio | |
| Tech Mahindra Limited | 1,050,000 | 100% | 1,050,000 |
| **Total** | **1,050,000** | **100%** | **1,050,000** |

### 11.3 Transaction of owner's equity

| Owner's equity | Closing balance | Opening balance |
|---|---|---|
| Opening balance | **1,135,000,000** | 1,135,000,000 |
| Increase in the year | **22,705,000,000** | - |
| Decrease in the year | **-** | - |
| **Closing balance** | **23,840,000,000** | 1,135,000,000 |

## VI. ADDITIONAL INFORMATION FOR ITEMS ON THE STATEMENT OF INCOME AND EXPENDITURE

### 1. Revenue from sales of goods and rending of services

| | Current year | Previous year |
|---|---|---|
| Revenue from sales of goods | **9,653,481,363** | 2,705,187,694 |
| Revenue from rendering of services | **371,727,800,048** | 358,001,048,976 |
| **Total** | **381,381,281,411** | 360,706,236,670 |
| **In which:** | | |
| Revenue from sales to third parties | **170,330,059,678** | 212,387,141,239 |
| Revenue from sales to related parties (Details in Notes VII.1) | **211,051,221,733** | 181,537,401,773 |

### 2. Cost of goods sold and services rendered

| | Current year | Previous year |
|---|---|---|
| Cost of goods sold | **7,446,567,855** | 2,062,952,014 |
| Cost of service rendered | **299,485,800,012** | 327,704,177,006 |
| **Total** | **306,932,367,867** | 329,767,129,020 |

### 3. Financial income

| | Current year | Previous year |
|---|---|---|
| Bank interest | **221,585,483** | 68,045,936 |
| Gain on exchange rate difference | **-** | 149,109,185 |
| **Total** | **221,585,483** | 217,155,121 |

### 4. Financial expenses

| | Current year | Previous year |
|---|---|---|
| Loss on exchange rate difference | **2,925,718,041** | 121,596,268 |
| Interest expense | **233,024,423** | 210,014,559 |
| **Total** | **3,158,742,464** | 331,610,827 |

### 5. General and administrative expenses

| | Current year | Previous year |
|---|---|---|
| Administrative employee expenses | **5,679,383,357** | 3,804,260,103 |
| Depreciation expenses | **31,542,824** | 19,725,456 |
| Office supply expenses | **231,420,705** | 188,544,424 |
| Taxes, fees, and charges | **2,830,417** | 3,772,220 |
| External service expenses | **2,144,450,486** | 2,621,428,777 |
| Other monetary expenses | **188,688,251** | 322,399,402 |
| Provision for doubtful debt | **-** | (2,697,000,000) |
| **Total** | **8,278,316,040** | **4,263,130,382** |

### 6. Production and operating expenses

| | Current year | Previous year |
|---|---|---|
| Labour cost | **29,287,775,613** | 27,932,877,925 |
| Depreciation expenses | **12,718,233,008** | 12,706,415,642 |
| Tool and instrument cost | **231,420,705** | 188,544,424 |
| External services expenses | **268,501,405,161** | 298,105,112,630 |
| Other monetary expenses | **191,518,668** | 326,171,622 |
| Provision cost | **-** | (2,697,000,000) |
| **Total** | **310,930,353,155** | 336,562,122,243 |

## VI. ADDITIONAL INFORMATION FOR ITEMS ON THE STATEMENT OF INCOME AND EXPENDITURE

### 7. Current corporate income tax expense

| | **Current year** | Previous year |
|---|---|---|
| Current corporate income tax expense | **427,936,868** | 173,006,531 |
| The adjustment of corporate income tax from the previous year in the current year | **328,992,315** | - |
| **Total** | **756,929,183** | 173,006,531 |

The current tax payable is based on taxable profit for the year. The taxable profit of the Company for the year differs from the profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Corporate Income tax in the year of the Company:

| | **Sales and other activities** | **Software production activities** | **Current year** | **Previous year** |
|---|---|---|---|---|
| **Net (loss)/profit before tax** | 2,107,068,570 | 61,094,435,109 | 63,201,503,678 | 26,591,734,415 |
| **Adjustment of (decrease)/increase in (loss)/profit** | **32,615,768** | **(72,033,394,041)** | **(72,000,778,273)** | **75,421,786,512** |
| Adjustments of increase | 32,615,768 | 2,178,584,043 | 2,211,199,811 | 75,421,786,512 |
| Unreasonable and valid expenses | - | - | - | - |
| Penalties | - | - | - | 9,888,171 |
| Unrealised acrrued expenses | 32,615,768 | 2,178,584,043 | 2,211,199,811 | 75,411,898,341 |
| Adjustments of decrease | - | (74,211,978,084) | (74,211,978,084) | - |
| Unrealised from acrrued expenses of prior year realised this year | | (74,211,978,084) | (74,211,978,084) | - |
| **Adjusted pre-tax (loss)/profit without deducting loss in previous years** | **2,139,684,338** | **(10,938,958,932)** | **(8,799,274,595)** | **102,013,520,927** |
| Estimated taxable income in current period | 2,139,684,338 | (10,938,958,932) | (8,799,274,595) | 102,013,520,926 |
| Tax rate | 20% | 10% | | |
| **Current CIT expense** | **427,936,868** | **-** | **427,936,868** | **10,287,855,358** |
| Exempted corporate income tax | - | - | - | 10,114,848,827 |
| **Estimated Corporate Income Tax** | **427,936,868** | **-** | **427,936,868** | **173,006,531** |
| Adjustment of previous year of CIT | | | 328,992,315 | - |
| At the beginning of year | | | 205,210,068 | 32,203,537 |
| CIT paid during the year | | | (501,998,846) | - |
| **Balance at the year ended** | | | **460,140,405** | **205,210,068** |

Tax reports of the Company will be subject to inspection of tax authorities. Since the application of laws and regulations on taxation for different transactions can be interpreted in many different ways, the amounts presented in the financial statements could be changed according to the final decision of the tax authorities.

## VII. OTHER INFORMATION

### 1. Related parties

### 1.1 Related parties

During the financial year ended 31 March 2023, related parties of the Company are determined as following:

| Related parties | Relationship |
|---|---|
| Tech Mahindra Limited | Parent Company |
| Tech Mahindra ICT Services (Malaysia) SDN.BHD | Company in group |
| Tech Mahindra London Limited | Company in group |
| Mr. Srinivasa Raghavan Venugopal | Director, Chairman of Member's Council |
| Mr. Manish Goenka | Member of Member's Council |
| Mr. Gautam Shirali | Member of Member's Council |

### 1.2 Transaction with related parties

**a. Income with key management members**

| | | Amount | |
|---|---|---|---|
| **Name of related parties** | **Income** | **Current year** | **Previous year** |
| Mr. Srinivasa Raghavan Venugopal | Income from salary and bonus | 5,129,265,877 | 3,409,820,696 |

**b. Transaction with related parties**

| In the year | Transaction | Current year | Previous year |
|---|---|---|---|
| Tech Mahindra Limited | SubconExp-Ring Fencing InterCo | 110,065,936,404 | 166,167,406,894 |
| | Revenue from rendering services | 211,051,221,733 | 181,537,401,773 |
| Tech Mahindra ICT Services (Malaysia) SDN.BHD | Interest expenses | 233,024,423 | 210,014,559 |
| | Purchase in the year | 181,103,911,976 | 48,893,819,564 |

**c. Balances with related parties**

Amount due to and from related parties as balance sheet date as following:

As at 31 March 2022, the Company has the following balances with related parties:

**Short-term receivables from customers (Detailed Notes V.2)**

| Related parties | Current year | Previous year |
|---|---|---|
| Tech Mahindra Limited | **296,763,183,017** | 85,711,961,284 |

**Short-term payables to sellers (Detailed Notes V.6)**

| Related parties | Current year | Previous year |
|---|---|---|
| Tech Mahindra Limited | **423,636,493,439** | 299,524,126,775 |
| Tech Mahindra ICT Services (Malaysia) SDN.BHD | **289,609,038,776** | 111,956,305,598 |

**Borrowings (Detailed Notes V.10)**

| Related parties | Relationship | Interest Rate - Maturity Time | Closing balance | Opening balance |
|---|---|---|---|---|
| Tech Mahindra ICT Services (Malaysia) SDN.BHD | Company in group | Libor + 0,01%/ year - 06/2023 | 11,806,000,000 | 11,490,000,000 |

**Other payables (Detailed notes V.8 and V.9)**

| Related parties | Content | Closing balance | Opening balance |
|---|---|---|---|
| Tech Mahindra Limited | Other payables | 754,677,555 | 735,540,589 |
| Tech Mahindra ICT Services (Malaysia) SDN.BHD | Interest paid | - | 1,199,920,257 |

Pricing policies for transactions between the Company and other related parties

Services provided by related parties are negotiated among parties involved.

**2. Commitment to lease activities**

At the end of the financial year, the Company has commitments under operating leases with the payment schedule as follows:

| | **Current year** | Previous year |
|---|---|---|
| Within 1 year | **23,818,240** | 35,727,360 |
| From 2 to 5 years | **-** | - |
| Over 5 years | **-** | - |
| **Total** | **23,818,240** | 35,727,360 |

**3. Subsequent events after balance sheet date**

There have been no significant events occuring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

**4. Comparative figures**

Comparative figures are the figures in the financial statements for the fiscal year ended 31 March 2022 audited by BDO Audit Services Company Limited.

**5. Going concern**

At the date of the Financial Statements, there were no activities or events that have significant impact on going concern of the Company, therefore the Financial Statements were prepared on going concern basis.

Hanoi, 09 June 2023

| | |
|---|---|
| **Nguyen Cong Vinh** | **Srinivasa Raghavan Venugopal** |
| Chief Accountant | Director |

# PF HOLDINGS B.V.

**Board of Directors**
Mr. Vikram N Nair
Mr. Sandeep Phadke
Mr. Gurpratap Singh Boparai
Mr. Harish Kumar Gupta
Mr Mandar Vasant Bhairavkar

**Registered Office**
Maanplein 20, 2516 CK, The Hague,
the Netherlands

**Bankers**
JP Morgan Chase Bank BNP Paribas
BANCA Intermobiliare Di Investimenti E Gestioni

**Auditors**
B S R & Co LLP

# INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of Tech Mahindra Limited**

**Report on the Audit of the Financial Statements of PF Holding B.V**

### Opinion

We have audited the financial statements of P F H o l d i n g s B . V . (the " Company"), which comprise the Balance Sheet as at 31 March 2023, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (collectively referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements 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 31 March 2023, and its profit 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') issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

### Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 ('the Act'). This responsibility also includes maintenance of adequate accounting records 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are 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 the Board of Directors 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing opinion on whether the company has in place adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

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.

**Other Matter-Restriction on Use**

As explained in note 1(a), these financial statements are prepared for the use by the Company and the Ultimate Holding Company, Tech Mahindra Limited, to comply with the requirements of the Act. These financial statements are not the statutory financial statements of the Company. As a result, these financial statements may not be suitable for another purpose. Our report must not be copied, disclosed, quoted, or referred to, in correspondence or discussion, in whole or in part to anyone other than the purpose for which it has been issued without our prior written consent.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

**Ashish Gupta**
Partner
Membership No. 215165
ICAI UDIN : 23215165BGXRIC1407

Place: Pune, India
Date: 16 June 2023

# BALANCE SHEET

EUR in Thousands

| Balance Sheet | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Financial Assets | | | |
| - Investments | 3 | **59,275** | 59,275 |
| **Total Non-Current Assets** | | **59,275** | 59,275 |
| **Current Assets** | | | |
| Financial Assets | | | |
| - Cash and Cash Equivalents | 4 | **92** | 107 |
| **Total Current Assets** | | **92** | 107 |
| **Total Assets** | | **59,367** | 59,382 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity Share Capital | 5 | **81,730** | 81,730 |
| (b) Other Equity | | **(22,565)** | (22,427) |
| **Total Equity** | | **59,165** | 59,303 |
| Liabilities | | | |
| Current liabilities | | | |
| Financial Liabilities | | | |
| (i) Trade Payables | 6 | **33** | 11 |
| (ii) Other Financial Liabilities | 7 | **169** | 68 |
| **Total Current Liabilities** | | **202** | 79 |
| **Total Equity and Liabilities** | | **59,367** | 59,382 |
| **See accompanying notes forming part of the financial statements** | 1 to 16 | | |

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration No.101248W/W-100022

**Ashish Gupta**
Partner
Membership No.: 215165
Place : Pune
Date: 16 June 2023

**For PF Holdings B.V.**

**Gurpratap Boparai**
Director
Place :Mumbai
Date : 13-June-2023

**Mandar Bhairavkar**
Director
Place : UK
Date : 14-June-2023

# STATEMENT OF PROFIT AND LOSS

EUR in Thousands

| | | Note No. | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|---|---|
| I | **Revenue from Operations** | | **-** | - |
| II | Other Income | | **1** | - |
| III | **Total Revenue (I +II)** | | **1** | - |
| IV | **EXPENSES** | | | |
| | Other Expenses | 8 | **138** | 27 |
| | Finance Cost | | **1** | - |
| | **Total Expenses** | | **139** | 27 |
| V | **Loss before Tax (III-IV)** | | **(138)** | (27) |
| VI | **Tax Expense** | | | |
| | Current Tax | | **-** | - |
| | Deferred Tax | | **-** | - |
| | **Total Tax Expense** | | **-** | - |
| VII | **Loss after tax (V-VI)** | | **(138)** | (27) |
| VIII | **Other Comprehensive Income** | | | |
| A | I. Items that will not be reclassified to Profit or Loss | | | |
| | II. Income Tax relating to items that will not be reclassified to Profit or Loss | | **-** | - |
| B | I. Items that will be reclassified to Profit or Loss | | | |
| | II. Income Tax relating to items that will be reclassified to Profit or Loss | | **-** | - |
| | **Total Other Comprehensive Income (A+B)** | | **-** | - |
| IX | **Total Comprehensive Loss (VII + VIII)** | | **(138)** | (27) |
| | **Earnings per Equity Share (Face Value Euro 1) in Euro** | 11 | | |
| | Basic | | **(0.0021)** | (0.0004) |
| | Diluted | | **(0.0021)** | (0.0004) |
| | **See accompanying notes forming part of the financial statements** | 1 to 16 | | |

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration No.101248W/W-100022

**Ashish Gupta**
Partner
Membership No.: 215165
Place : Pune
Date: 16 June 2023

**For PF Holdings B.V.**

**Gurpratap Boparai**
Director
Place :Mumbai
Date : 13-June-2023

**Mandar Bhairavkar**
Director
Place : UK
Date : 14-June-2023

# STATEMENTS OF CHANGES IN EQUITY

### A. Equity Share Capital

EUR in Thousands

| Balance as of April 1, 2021 | Changes in equity share capital during the year | Balance as at March 31, 2022 |
|---|---|---|
| 81,730 | - | 81,730 |
| **Balance as of April 1, 2022** | Changes in equity share capital during the year | Balance as at March 31, 2023 |
| 81,730 | - | 81,730 |

### B. Other Equity -Reserves and Surplus - Retained Earnings

EUR in Thousands

| | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Balance at the beginning of the year | **(22,427)** | (22,400) |
| Loss for the year | **(138)** | (27) |
| **Closing Balance** | **(22,565)** | (22,427) |
| **Total** | **(22,565)** | (22,427) |

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration No.101248W/W-100022

**Ashish Gupta**
Partner
Membership No.: 215165
Place : Pune
Date: 16 June 2023

**For PF Holdings B.V.**

**Gurpratap Boparai**
Director
Place :Mumbai
Date : 13-June-2023

**Mandar Bhairavkar**
Director
Place : UK
Date : 14-June-2023

# CASH FLOW STATEMENT

EUR in Thousands

| | | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| A | **Cash Flow from Operating Activities** | | |
| | Loss Before Tax | **(138)** | (27) |
| | **Adjustments for :** | | |
| | Interest on loan | **1** | - |
| | **Movement in working capital:** | | |
| | Trade Payables | **22** | (14) |
| | **Cash Flow from Operations** | **(115)** | (41) |
| | Income Tax Refund / (Paid) (net) | **-** | - |
| | Net Cash Flow from / (used in) Operating Activities (A) | **(115)** | (41) |
| B | **Cash Flow from Investing Activities** | | |
| | Net Cash (used in) Investing Activities (B) | **-** | - |
| C | **Cash Flow from Financing Activities** | | |
| | **Loan received from Intercompany** | **100** | - |
| | **Net Cash Flow from Financing Activities ( C )** | **100** | - |
| | **Net (decrease) in Cash and Cash Equivalents during the year (D) = (A+B+C)** | **(15)** | (41) |
| | **Cash and Cash Equivalents at the beginning of the year (E)** | **107** | 148 |
| | **Cash and Cash Equivalents at the end of the year (F) = (D+E)** | **92** | 107 |

**Note:**

EUR in Thousands

| Components of Cash and Cash equivalents | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Balances with Banks (Refer Note 4)** | | |
| In Current Accounts | **92** | 107 |
| | **92** | 107 |

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration No.101248W/W-100022

**Ashish Gupta**
Partner
Membership No.: 215165
Place : Pune
Date: 16 June 2023

**For PF Holdings B.V.**

**Gurpratap Boparai**
Director
Place :Mumbai
Date : 13-June-2023

**Mandar Bhairavkar**
Director
Place : UK
Date : 14-June-2023

**1 Corporate information**

PF Holdings B.V. ("Company") was incorporated on April 29, 2016. The principal place of business of the Company is at 2516, CK, The Hague, Maanplein, 20, The Netherlands.

The principal activities of the Company are financing of the acquisition and constitution of the subsidiary company and enabling the shareholders to fulfill the terms of acquisition in documents including the further capitalisation of the subsidiary and the proposed mandatory tender offer in relation to acquisition of public shareholding of the subsidiary. The Company is a 60% subsidiary of Tech Mahindra Limited (India).

The financial statements of the Company for the year ended March 31, 2023 were authorised for issue by the Board of Directors on June 9, 2023.

**2 Significant accounting policies:**

**2.1 Statement of Compliance:**

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs, as amended from time to time.

**2.2 Basis of preparation of financial statements**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013. These financial statements have been prepared by the Company solely for the purpose of placing the audited financial statements of the Company along with the consolidated financial statements of Tech Mahindra Limited ("the ultimate holding company") on the website of the ultimate holding company as required under Section 136 of the 2013 Act.

As the company is not domiciled in India and hence not registered under Companies Act 2013, these financial statements have not been prepared to fully comply with the Companies Act 2013, and so they do not reflect all the disclosures requirements of the Act. These accounts are not statutory financial statements of the Company.

These financial statements have been prepared under the historical cost convention on an accrual and going concern basis except for certain financial assets and liabilities which have been measured at fair value (refer accounting policy regarding financial instruments).

The a accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year.

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle of 12 months. The statement of cash flows has been prepared under indirect method.

In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

These financial statements are presented in Euro ("EUR") which is also the Company's functional currency. All amounts have been reported in Euros in thousands, except for share and earnings per share data, unless otherwise stated. Further, amounts which are less than half a thousand are reported as '0'.

## 2.3 Use of estimates

The preparation of financial statements requires the management of the company to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

**Critical accounting estimates**

**Impairment testing**

Investments in subsidiary is tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the cash generating units to which these pertain is less than its carrying value. The recoverable amount of Cash Generating Units (CGU) is higher of value-in-use and fair value less cost to dispose. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

Investments in subsidiaries are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 CGU to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss. For the period ended March 31, 2023 no impairment has been charged in books.

## 2.4 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of 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 based on the available information.

Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## 2.5 Revenue recognition

Interest income is recognised using the effective interest rate method.

Dividend income is recognised when the Company's right to receive dividend is established.

## 2.6 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the period.

For calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

## 2.7 Foreign currency transactions:

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the dates of Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognized in the profit or loss.

**2.8 Financial Instruments:**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

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.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss.

**i. Non-derivative financial instruments:**

**Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost the effective interest method less impairment losses, 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.

**Investment in subsidiaries**

Investment in subsidiaries is carried at cost less impairment as per Ind AS 27 Consolidated and Separate Financial Statements

**Financial liabilities**

Financial liabilities are subsequently carried at amortised cost using the effective interest rate method or at fair value through profit and loss (FVTPL). Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised in a business combination, or is held for trading or it is designated as FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit and 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.

**ii. Derecognition of financial instruments**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the risk and rewards of transferred financial assets, the Company continues to recognise the financial asset and also recognises the borrowing for the proceeds received.

The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or have expired.

**iii. Financial Guarantee contracts**

Financial guarantee contracts issued by the Company are initially measured at fair value and subsequently measured at the higher of the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

### 2.9 Taxes on income

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the local tax laws existing in the country.

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.

Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are recognised in other comprehensive income or directly in equity, respectively.

**Deferred income taxes**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred income tax asset are recognised 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 utilised.

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 utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled. Deferred tax assets and liabilities are offset when it relates to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

### 2.10 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the 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.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Contingent assets are neither recognised nor disclosed in the financial statements.

### 2.11 Leases:

At inception of the contract, the Company determines whether the contract is a lease or contains a lease arrangement. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a Lessee**

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate specific to the lease being evaluated for a portfolio of leases with similar characteristics. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.”

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in standalone statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

**2.12 Recent pronouncements**

“Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**Note 3 : Investments : Non Current**

EUR in Thousands

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| In subsidiary- quoted | | |
| 62,013,249 (31 March 2022: 62,013,249) Equity Shares of Euro 1 each fully paid-up of Pininfarina S.p.A. | **81,366** | 81,366 |
| Less: Provision for impairment of value of investment | **(22,091)** | (22,091) |
| **Total** | **59,275** | 59,275 |

**Note 4: Cash and cash equivalents**

EUR in Thousands

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balances with banks | | |
| In Current Accounts | **92** | 107 |
| **Total** | **92** | 107 |

**Note 5 : Equity Share Capital**

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Number | EUR in Thousands | Number | EUR in Thousands |
| **Authorised** | | | | |
| **Equity shares of Euro 1/- each with voting rights** | **65,840,125** | **81,730** | 65,840,125 | 81,730 |
| **Issued, Subscribed and Paid up Share Capital** | **65,840,125** | **81,730** | 65,840,125 | 81,730 |
| **Reconciliation of number of Equity Shares and amount outstanding** | | | | |
| Shares outstanding at the beginning and end of the year | **65,840,125** | **81,730** | 65,840,125 | 81,730 |
| **Issued, Subscribed and Paid up Share Capital** | **65,840,125** | **81,730** | 65,840,125 | 81,730 |

**Shareholding of promoters is as follows:**

| Name of Shareholder | As at | | | | % Change during the year |
|---|---|---|---|---|---|
| | March 31, 2023 | | March 31, 2022 | | |
| | No. of shares held | % of Holding | No. of shares held | % of Holding | |
| Tech Mahindra Limited | **39,504,075** | **60%** | 39,504,075 | 60% | 0.00% |
| Mahindra & Mahindra Limited | **26,336,050** | **40%** | 26,336,050 | 40% | 0.00% |

**Shareholders holding more than 5% of the equity share capital is as follows:**

| Name of Shareholder | As at | | | | % Change during the year |
|---|---|---|---|---|---|
| | March 31, 2023 | | March 31, 2022 | | |
| | No. of shares held | % of Holding | No. of shares held | % of Holding | |
| Tech Mahindra Limited | **39,504,075** | **60%** | 39,504,075 | 60% | 0.00% |
| Mahindra & Mahindra Limited | **26,336,050** | **40%** | 26,336,050 | 40% | 0.00% |

Notes :

i) Share capital includes a sum of Euro 15,889,899,(Number of shares: 15,889,899 of Euro 1 each) being financial guarantee given by Tech Mahindra Limited to the bankers of Pininfarina S.p.A., which has been accounted as equity contribution in accordance with Ind AS 109.

ii) Each Equity Share entitles the holder to one vote and carries an equal right to dividend.

iii) Capital Management: The Company manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company currently consists of total equity of the Company. The Company is not subject to any externally imposed capital requirements. The Company's management reviews the capital structure of the Company on an ongoing basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

**Note 6 : Trade Payables**

EUR in Thousands

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade Payables | **33** | 11 |
| **Total** | **33** | 11 |

**Note 7 : Other Financial Liabilities**

EUR in Thousands

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Loan from related party | **169** | 68 |
| **Total** | **169** | 68 |

**Note 8 : Other Expenses**

EUR in Thousands

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Rates and taxes | **15** | 16 |
| Legal and other professional costs | **123** | 10 |
| Foreign Exchange (gain)/loss net | **-** | 1 |
| **Total** | **138** | 27 |

**Note 9 : Ageing of Trade Payables**

EUR in Thousands

| Particulars | Outstanding for following period from due date of payment | | | Total |
|---|---|---|---|---|
| | Less than 1 year | 1-3 years | More than 3 years | |
| (i) Undisputed dues | 4 | 23 | - | 27 |
| | (4) | - | - | (4) |
| (ii) Disputed dues | - | - | - | - |
| | - | - | - | - |
| Total | **4** | **23** | **-** | **27** |
| | **(4)** | **-** | **-** | **(4)** |
| Accrued expenses | | | | 6 |
| | | | | (7) |
| Total Trade Payables | | | | **33** |
| | | | | **(11)** |

Note: Figures in bracket represents balances as at March 31, 2022

## 10 Related party transactions

### 10.a Details of related parties:

| Description of relationship | Names of related parties |
|---|---|
| Holding Company | Tech Mahindra Limited |
| Shareholder having significant influence | Mahindra and Mahindra Limited |
| Subsidiary Company | Pininfarina S.p.A. |
| Fellow -subsidiary Company | Mahindra Engineering Services UK<br>Tech Mahindra GmbH" |

### 10.b Details of related party transactions during the year ended March 31, 2023 and balances outstanding as at March 31, 2023:

| Particulars | Holding Company | Shareholder having significant influence | Fellow -subsidiary Company | Subsidiary | Total |
|---|---|---|---|---|---|
| **Transactions during the year** | | | | | |
| Loan Taken | - | - | 100 | - | - |
| | (-) | (-) | (-) | (-) | (-) |
| Loan Repaid | - | - | - | - | - |
| | (-) | (-) | (-) | (-) | (-) |
| Interest on Loan | - | - | 1 | - | - |
| | (-) | (-) | (-) | (-) | (-) |
| Reimbursement of expenses | 4 | - | - | - | 4 |
| | (4) | (-) | (-) | (-) | (4) |
| **Balances outstanding at the end of the year** | | | | | |
| Investment (Net of provision for impairment) | - | - | - | 59,275 | 59,275 |
| | (-) | (-) | (-) | (59,275) | (59,275) |
| Payable Balance on account of reimbursement of expenses | 27 | - | - | - | 27 |
| | (4) | (-) | (-) | (-) | (4) |
| Loan | - | - | 100 | - | 100 |
| | (-) | (-) | (-) | (-) | (-) |
| Interest on Loan | - | - | 69 | - | 69 |
| | (-) | (-) | (68) | (-) | (68) |

Previous years figures are in brackets

## 11 Earnings Per Share is calculated as follows:

EUR in Thousands

| Particulars | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Loss after taxation | **(138)** | (27) |
| Equity Shares outstanding as at the end of the year (in nos.) | **65,840,125** | 65,840,125 |
| Weighted average Equity Shares outstanding as at the end of the year (in nos.) | **65,840,125** | 65,840,125 |
| Nominal Value per Equity Share (in EUR ) | **1** | 1 |
| Earnings Per Share: | | |
| Earnings Per Share (Basic) (in EUR ) | **(0.0021)** | (0.0004) |
| Earnings Per Share (Diluted) (in EUR ) | **(0.0021)** | (0.0004) |

## 12 Financial Instruments and Risk Review

The Company's activities expose it to a variety of financial risks i.e. market risk, credit risk and liquidity risk. The Company operates a risk management policy and program that performs close monitoring of and responding to each risk factors.Following are the financial risk factors.

### (a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

### (b) Liquidity Risk:

Liquidity risk refers to the risk that the company cannot meet its financial obligation. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirement.

The table below provides details regarding the contractual maturities of significant financial liabilities as on March 31, 2023

| **Particulars** | **Less than 1 year** | **1-3 years** | **3-5 years** | **5 years and above** |
|---|---|---|---|---|
| Trade Payables | 33 | - | - | - |
| Financial liabilities | 101 | 68 | - | - |
| **Total** | 134 | 68 | - | - |

The table below provides details regarding the contractual maturities of significant financial liabilities as on March 31, 2022:

| **Particulars** | **Less than 1 year** | **1-3 years** | **3-5 years** | **5 years and above** |
|---|---|---|---|---|
| Trade Payables | 11 | - | - | - |
| Financial liabilities | 68 | - | - | - |
| **Total** | 79 | - | - | - |

The carrying value and fair value of financial instruments by categories as of March 31, 2023 is as follows:

EUR in Thousands

| **Particulars** | Amortised cost | Carrying value | Fair value |
|---|---|---|---|
| **Assets:** | | | |
| Cash and cash equivalents | 92 | 92 | 92 |
| | 92 | 92 | 92 |
| **Liabilities:** | | | |
| Trade and other payables | 33 | 33 | 33 |
| Financial liabilities | 101 | 69 | 69 |
| | 134 | 102 | 102 |

The carrying value and fair value of financial instruments by categories as of March 31, 2022 is as follows:

EUR in Thousands

| **Particulars** | Amortised cost | Carrying value | Fair value |
|---|---|---|---|
| **Assets:** | | | |
| Cash and cash equivalents | 107 | 107 | 107 |
| | 107 | 107 | 107 |
| **Liabilities:** | | | |
| Trade and other payables | 9 | 9 | 9 |
| Financial liabilities | 68 | 68 | 68 |
| | 77 | 77 | 77 |

**13** The Company has an investment in subsidiary 'Pininfarina S.p.A. This investment is accounted for at cost less impairment. Management assesses the operations of the subsidiary, including the future projections, to identify indications of diminution, other than temporary, in the value of the investment recorded in the books of account.

In case impairment triggers are identified, the recoverable amount of the investment is estimated in order to determine the extent of the impairment loss. With respect to determination of recoverable amount of investment based on fair value less costs of disposal, the fair value measurement of the asset is determined using the market approach and is categorised as Level 1 in the fair value hierarchy. Estimates of future cash flows used in the value in use calculation are specific to the entity based on business plans and need not be the same as those of market participants.

The share price of the subsidiary and the relevant economic and market indicators in its country of operation, did not require to the Company to reassess recoverable amount of investment in the subsidiary, as on March 31, 2023. Consequently, the Company has not recognized any impairment loss for the year ended March 31, 2023 (March 31, 2022: Nil).

**14** The Company is engaged in the financing of the acquisition and constitution of the subsidiary company. As the Company is engaged in only one business segment, the balance sheet as at 31 March 2023 and statement of profit and loss for the year ended then pertain to only one business segment.

The Company's operations is primarily located in the Netherlands. As the Company has only one geographical segment, the balance sheet as at 31 March 2023 and statement of profit and loss for the year ended then pertain to only one geographical segment.

**15 Additional Regulatory Information**

**Financial Ratios**

| Particulars | Numerator (1) | Denominator (2) | 31 March 2023 (3)=(1/2) | 31 March 2022 (3)=(1/2) | Variance % |
|---|---|---|---|---|---|
| Current Ratio (in times) | Total Current Assets | Total Current Liabilities | 0.46 | 1.35 | # -66% |
| Return on Equity Ratio (in %) | Net Profit After Tax | Average Shareholders' Equity | -0.23% | -0.05% | *412% |
| Trade Payable Turnover Ratio (in times) | Other Expenses | Average Trade Payable | 1.57 | 1.50 | -8% |
| Return on Capital Employed (in %) | Earnings Before Interest & Tax | Average Capital Employed i.e. Average Net Worth of the entity | -0.23% | -0.05% | *408% |

*Decrease in return on equity ratio and return on capital employed is on account of increase in loss as compared to the previous year.
# current liabilities have increased due to loan obtained from Take Mahindra GmbH

**16 Subsequent events**

The Company has evaluated all the subsequent events through ...June 2023 which is the date on which these financial statements were issued, and no events have occurred from the balance sheet date through that date except for matters that have already been considered in the financial statements.

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration No.101248W/W-100022

**Ashish Gupta**
Partner
Membership No.: 215165
Place : Pune
Date: 16 June 2023

**For PF Holdings B.V.**

**Gurpratap Boparai**
Director
Place :Mumbai
Date : 13-June-2023

**Mandar Bhairavkar**
Director
Place : UK
Date : 14-June-2023

# TECH MAHINDRA LIMITED SPC

## COMPANY INFORMATION

### REGISTRATION AND CAPITAL

Commercial Registration No: 1402441 Establishment date: 29 September 2021

Registration date: 25 November 2021

Registration renewal date: 29 September 2024 Registered capital: RO 1,153,846

### REGISTERED ACTIVITIES

Support services in the information technology and computer programming Retail sale in the specialized stores of computers and non-customized software Development of computer network

Designing and programming software

Consulting in the communication technology (license pending) Wireless telecommunications companies (license pending) Wired telecommunication companies (license pending)

### SOLE PARTNER

Tech Mahindra Limited, India

### LIST OF AUTHORISED SIGNATORIES

Mr. Ramachandran Satyamurthi Authorized Manager & Signatory

Mr. Krishnendu Sengupta Authorized Manager & Signatory

Mr. Srinivas Reddy Bandam Authorized Manager & Signatory

Mr. Anil Mohanlal Khatri Authorized Manager & Signatory

Mr. Raji Reddy Suluguri Authorized Manager & Signatory

### REGISTERED ADDRESS

P.O. Box 57 Postal Code 118 Muscat

Sultanate of Oman

### BANKER

HSBC Bank Oman SAOG

### AUDITORS

Morison Muscat Chartered Accountants SPC

P.O. Box 2123 Postal Code 112 Ruwi

Sultanate of Oman

# INDEPENDENT AUDITORS' REPORT

**The Owner**

Tech Mahindra Limited SPC, Muscat

**Opinion**

We have audited the accompanying financial statements of **Tech Mahindra Limited SPC** ("the Company") as set out on pages 629 to 636, comprising the statement of financial position as at 31 March 2023, and the statement of comprehensive income, statement of changes in equity, statement of cash flows and a summary of significant accounting policies and other explanatory notes for the year then ended. These are the first financial statements prepared by the Company.

In our opinion, the financial statements, which have been prepared on the basis of the accounting policies set out in the accompanying notes, present fairly, in all material respects, the financial position of the Company as at 31 March 2023, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as promulgated by the International Accounting Standards Board.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and the Commercial Companies Law of 2019, as amended, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, discussing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**(Cont'd…)**

# INDEPENDENT AUDITORS' REPORT (CONT'D...)

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of managements' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Morison Muscat Chartered Accountants SPC** **Signed by: Nasser Al Khamisi**

**Licence No: MH/4/2004**

12 June 2023

Muscat

# STATEMENT OF COMPREHENSIVE INCOME

**For the year ended 31 March 2023**

| | Note | 31 Mar 2023 RO |
|---|---|---|
| Revenue, net | 3 | 1,401,848 |
| Direct cost | 4 | (1,287,033) |
| **Gross profit** | | **114,815** |
| **Expenses** | | |
| General and administrative expenses | 6 | 38,860 |
| Depreciation on property, plant and equipment | 8 | 250 |
| **Total expenses** | | **39,110** |
| **Profit before taxation** | | **75,705** |
| Taxation (including deferred taxation) | 7 | (11,191) |
| **Total comprehensive income for the year** | | **64,514** |

The notes on pages 629 to 636 form part of these financial statements.
The report of the Auditors is set out on pages 623-624.

**Approved and authorised for issue**

**For TECH MAHINDRA LIMITED SPC**

**Authorised Signatory**

# STATEMENT OF FINANCIAL POSITION

**As at 31 March 2023**

| ASSETS | Note | 31 Mar 2023 RO |
|---|---|---|
| **Non - current assets** | | |
| Property, plant and equipment, net | 8 | **8,750** |
| **Current assets** | | |
| Trade and other receivables | 9 | 1,146,010 |
| Cash and cash equivalents | 10 | 205,239 |
| **Total current assets** | | **1,351,249** |
| **TOTAL ASSETS** | | **1,359,999** |
| **PROPRIETOR'S EQUITY AND LIABILITIES** | | |
| Proprietor's capital | 1 | 84,763 |
| Legal reserve | 2(f) | 6,451 |
| Retained earnings | | 58,063 |
| **Total proprietor's equity** | | **149,277** |
| **Current liabilities** | | |
| Due to a related party | 11 | 1,061,996 |
| Trade and other payables | 12 | 137,535 |
| Provision for taxation | 7 | 11,191 |
| **Total current liabilities** | | **1,210,722** |
| **TOTAL PROPRIETOR'S EQUITY AND LIABILITIES** | | **1,359,999** |

The notes on pages 629 to 636 form part of these financial statements.

The report of the Auditors is set out on pages 623 to 624.

**Approved and authorised for issue**

**For TECH MAHINDRA LIMITED SPC**

**Authorised Signatory**

# STATEMENT OF CHANGES IN EQUITY

**For the year ended 31 March 2023**

| | Proprietor's capital RO | Legal reserve RO | Retained earnings RO | Total RO |
|---|---|---|---|---|
| Registered capital | 1,153,846 | - | - | 1,153,846 |
| Unpaid capital | (1,069,083) | - | - | (1,069,083) |
| Total comprehensive income for the year | - | - | 64,514 | 64,514 |
| Transfer to legal reserve | - | 6,451 | (6,451) | - |
| **As at 31 March 2023** | **84,763** | **6,451** | **58,063** | **149,277** |

The notes on pages 629 to 636 form part of these financial statements

The report of the Auditors is set out on pages 623 to 624.

**Approved and authorised for issue**
**For TECH MAHINDRA LIMITED SPC**

**Authorised Signatory**

# STATEMENT OF CHANGES IN CASH FLOWS

**For the year ended 31 March 2023**

| | 31 Mar 2023<br>RO |
|---|---:|
| **OPERATING ACTIVITIES** | |
| Profit before taxation | 75,705 |
| Adjustment for non-cash and non-operating items: | |
| Depreciation on property, plant and equipment | 250 |
| **Operating cash flow before working capital changes** | **75,955** |
| Changes in working capital | |
| (Increase) in trade and other receivables | (1,146,010) |
| Increase in due to related parties | 1,061,996 |
| Increase in trade and other payables | 137,535 |
| **Net cash from operating activities** | **129,476** |
| **INVESTING ACTIVITIES** | |
| Purchase of property, plant and equipment | (9,000) |
| **Net cash (used in) investing activities** | **(9,000)** |
| **FINANCING ACTIVITIES** | |
| Capital contribution | 84,763 |
| **Net cash from financing activities** | **84,763** |
| **Net increase in cash and cash equivalents** | **205,239** |
| Cash and cash equivalents, beginning of period | - |
| **Cash and cash equivalents, end of period** | **205,239** |
| **Cash and cash equivalents comprise of:** | |
| Bank balance in current account | **205,239** |

The notes on pages 629 to 636 form part of these financial statements.

The report of the Auditors is set out on pages 623 to 624.

**Approved and authorised for issue**

**For TECH MAHINDRA LIMITED SPC**

**Authorised Signatory**

**Notes -** forming part of the financial statements As at and for the year ended 31 March 2023

**1. Legal status and principal activities**

**Tech Mahindra Limited SPC** (“the Company”) is a sole proprietor company (subject to Foreign Investment Law of Oman) established on 29 September 2021. The Company was registered at the Ministry of Commerce and Industry, Sultanate of Oman on 25 November 2021. The Company is engaged in providing support services in the information technology and computer programming.

The Company is registered as a wholly owned subsidiary of Tech Mahindra Limited, India with a registered capital of RO 1,153,846. The capital contributed by the owner up to 31 March 2023 is RO 84,763.

**2. Significant accounting policies Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”), the requirements of the Commercial Companies Law of the Sultanate of Oman, 2019 (as amended). The financial statements have been prepared in Rial Omani.

**(a) Accounting convention**

The financial statements are prepared on the historical cost basis, modified to include measurement at fair values, where applicable.

**(b) Adoption of new and revised IFRS and IFRIC**

For the year ended 31 March 2023, the Company has adopted all applicable new and revised standards and interpretations issued by IASB and IFRIC that are effective for the accounting year beginning on 1 April 2022 are listed below.

- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020

As at the date of the authorisation of these financial statements the following pronouncements were issued but were not made effective:

IFRS 17 Insurance Contracts – This IFRS requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle- based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts – Effective for annual periods beginning on or after 1 January 2023.

Amendments to IFRS 17 Insurance Contracts – These amendments aim to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017 – Effective for annual periods beginning on or after 1 January 2023.

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a single Transaction – Clarifies how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after 1 January 2023.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current – These amendments aim to promote consistency in applying the requirements by helping entities determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current – Effective for annual periods beginning on or after 1 January 2024.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies - The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement– Effective for annual periods beginning on or after 1 January 2023

Amendments to IAS 8 – Definition of Accounting Estimates – These amendments aim to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after 1 January 2023.

Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback - The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale – Effective for annual periods beginning on or after 1 January 2024.

Amendments to IFRS 4 – Extension of the Temporary Exemption from Applying IFRS 9 – The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 – Effective for annual periods beginning on or after 1 January 2023.

Amendments to IFRS 17 – Initial Application of IFRS 17 and IFRS 9 – Comparative Information - The amendment permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before – Effective for annual periods beginning on or after 1 January 2023.

Amendments to IAS 1 – Non-current Liabilities with Covenants - The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability – Effective for annual periods beginning on or after 1 January 2024.

Management has not yet determined whether their adoption of the above pronouncements is likely to have any significant impact on the presentation and disclosure of items in the financial statements for future period.

The following accounting policies have been consistently applied in dealing with items considered material to the Company's financial statements:

**(a) Property, plant and equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any

Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful economic lives of items of property, plant and equipment from the date on which the asset is put to use. Estimated useful lives for computation of depreciation are as follows:

**Office equipment - 3 years**

Depreciation methods, useful lives and residual values are reassessed at each reporting date. Assets acquired under lease are depreciated over their expected useful lives on the same basis as owned assets or where the useful life of the leased asset is shorter than the lease term, the leased asset are depreciated over the term of the lease.

Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining the total comprehensive income or loss.

**(b) Financial instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are measured initially at fair value. Transactions costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial assets or liabilities, respectively. Transaction cost directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

**Financial assets at amortized cost**

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business model 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.

**Financial assets measured at fair value**

Financial assets are measured at fair value through other comprehensive income if such financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell such 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. Financial asset not measured at amortized cost or at fair value through other comprehensive income is carried at fair value through profit or loss.

**Financial liabilities**

Trade payables, other payables and amounts due to related parties are initially measured at fair value, net of transaction costs.

De-recognition

**Financial assets**

All financial assets are de-recognized when the rights to receive cash flows have expired or have been transferred and either (a) the Company has transferred substantially all risks and rewards of ownership or (b) the Company has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred the control of the asset.

Financial liabilities

The Company derecognizes the financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

**(c) Impairment**

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

**(d) Offsetting of financial assets and liabilities**

A financial asset and a financial liability is offset and the net amount reported in the statement of financial position, if the Company has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**(e) Cash and cash equivalents**

Cash and cash equivalents comprise of bank balances.

**(F) Legal reserve**

Article 132 of the Commercial Companies Law of 2019, as amended, requires that 10% of the Company's net profit be transferred to a non-distributable legal reserve until the amount of the legal reserve equal to at least one–third of the Company's share capital.

**(g) End of service benefits**

Contributions to a defined contribution retirement benefit plan, for Omani employees in accordance with the Oman Social Insurance Scheme are recognised as expense in the statement of comprehensive income as incurred.

Provision for non-Omani employee end of service benefits is made in accordance with Omani Labour Law for the accumulated period of service at the reporting date. The provision is non- funded.

**(h) Provisions**

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefit will be required to settle the obligation.

**(j) Revenue recognition**

Revenue represents fees for manpower outsourcing services and is recognized over a period of time. Performance obligation is completed over-time as and when the employee completes his/her contracted term with the client.

**(k) Foreign currency transactions**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). Transactions in foreign currencies are translated to Omani Rials (OMR) at the foreign exchange rate ruling at the date of the transaction. All monetary assets and liabilities denominated in foreign currencies at the reporting date are re-measured to Omani Rials (US$) at the foreign exchange rate ruling at that date. Foreign exchange differences arising on re-measurement are recognised in the statement of comprehensive income.

**(i) Estimates**

The preparation of the financial statements requires Management to make estimates and assumptions that affect the reported amount of financial assets and liabilities at the reporting date and the resultant provisions and changes in fair value for the period. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant, degrees of judgment and uncertainty and actual results may differ from Management's estimates resulting in future changes in estimated assets and liabilities.

**(m) Taxation**

Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the reporting date.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Government of Oman promulgated the Value Added Tax ("VAT") law and was published in the Official Gazette of Oman on 18 October 2020, vide Royal Decree No. 121/2020. The date of implementation of VAT in Oman was 16 April 2021. The standard rate of VAT in Oman is 5%.

| | **31 Mar 2023** |
|---|---|
| | **RO** |
| **3 Revenue** | |
| Performance obligation completed over-time | |
| Information technology support services | **1,401,848** |

The Company has charged standard VAT rate of 5% on all invoices raised during the year aggregating to RO60,307

| | | 31 Mar 2023 RO |
|---|---|---|
| **4** | **Direct cost** | |
| | Hired staff cost | 1,226,911 |
| | Employee cost (See Note 5) | 60,122 |
| | | **1,287,033** |

| | | 31 Mar 2023 RO |
|---|---|---|
| **5** | **Employee cost** | |
| | Salaries and allowances | 41,127 |
| | Social insurance expenses | 18,995 |
| | | **60,122** |

| | | 31 Mar 2023 RO |
|---|---|---|
| **6** | **General and administrative expenses** | |
| | Office rent | 16,032 |
| | Insurance expense | 11,899 |
| | Legal and professional charges | 6,794 |
| | Communication | 1,709 |
| | Utilities | 1,948 |
| | Miscellaneous expenses | 478 |
| | | **38,860** |

| | | |
|---|---|---|
| **7** | **Taxation** | |
| | Statement of comprehensive income | |
| | Current year's tax expense | **11,191** |
| | | |
| | Statement of financial position | |
| | Provision for tax – current liabilities | **11,191** |

a) Income tax is payable on profits earned at the rate of 15% of taxable profits in accordance with the provisions of Omani Tax Law and Regulations. The Company reported a taxable income of RO 74,605 resulting in total tax payable as at 31 March 2023 of RO 11,191.

b) Reconciliation of tax on accounting profit with current year's tax charge is as follows:

| | 31 Mar 2023 RO |
|---|---|
| Tax on accounting profit @ 15% | 11,356 |
| Accelerated tax depreciation | (165) |
| | **11,191** |

c) Deferred tax liability as at 31 March 2023 of RO 165 attributable to tax effect of taxable temporary differences arising form accelerated tax depreciation of RO 1,100 is not recognized in these financial statements as the same is considered to be immaterial.

d) The Company was registered on 29 September 2021. For the period form 29 September 2021 till 31 March 2022, the Company submitted a Nil Operation letter to tax department declaring no operations.

| | | 31 Mar 2023 RO |
|---|---|---|
| **8** | **Property, plant and equipment** | |
| | Office equipment | |
| | **Cost** | |
| | Additions during the year and as at 31 March 2023 | **9,000** |
| | **Accumulated depreciation** | |
| | Depreciation charge for the year and as at 31 March 2023 | **(250)** |
| | **Net book value as at 31 March 2023** | **8,750** |
| | | |
| **9** | **Trade and other receivables** | |
| | Accounts receivable | 948,967 |
| | Unbilled revenue | 195,706 |
| | Deposits | 1,337 |
| | | **1,146,010** |

a) Accounts receivable are non-interest bearing and are generally on 30 days credit terms after which the customer balances are considered past due. At reporting date, accounts receivable included balances with carrying amount of RO 294,505 which are past due.

b) The balances of 2 customers account for 89% of total accounts receivable at reporting date.

c) Since the Company does not have any history of default and credit loss, the provision for expected credit loss is considered immaterial by the management and hence, not recognized in these financial statements.

| | | 31 Mar 2023 RO |
|---|---|---|
| d) | Ageing of accounts receivable at reporting date is as follows: | |
| | Not yet due | 654,462 |
| | Past due up to 30 days | 294,505 |
| | | **948,967** |

e) Unbilled revenue represents consideration for the performance obligation completed by the Company during the year where the invoices have not been raised to the customers till the reporting date.

| | | 31 Mar 2023 RO |
|---|---|---|
| **10** | **Cash and cash equivalents** | |
| | Cash at bank | **205,239** |

**11 Related party transactions and balances**

The Company has entered into financial transactions with the its parent company, which fall within the definition of related parties as contained in International Accounting Standard 24.

| | | 31 Mar 2023 RO |
|---|---|---|
| **a)** | **Transactions with a related party** | |
| | Transactions with Parent Company | |
| | Tech Mahindra Limited, India | |
| | Expenses incurred by the Company on behalf of the related party | (142,798) |
| | Expenses incurred by related party on behalf of the Company | 1,244,280 |
| | Withholding tax payable | (39,486) |
| **b)** | **Due to parent company** | |
| | Tech Mahindra Limited, India | **1,061,996** |

**12 Trade and other payables**

| | |
|---|---|
| Accounts payable | 9,450 |
| Accrued expenses | 29,044 |
| Withholding tax payable | 39,486 |
| VAT payable | 59,555 |
| | **137,535** |

**13 Contingencies and Commitments**

Except for ongoing purchase commitments in the normal course of business against which no loss is expected, there are no other known contingent liabilities. The Company has not entered into any capital commitments at reporting date.

**14 Fair value of financial instruments**

Financial assets of the Company include trade and other receivables and bank balance. Financial liabilities include due to related parties, accrued expenses and other payables. Exposure to interest, credit and currency risk arises in the normal course of the business.

Interest risk

The Company has no exposure to interest rate fluctuation risks.

Credit risk

The Company has no credit risk management policy in respect of accounts receivable as management believes that the level of credit risk associated with receivables is at an acceptable level, and does not require any further specific risk mitigation procedures. Bank balances are exposed to credit risk at reporting date, however, no provision for expected credit loss for bank balances is required as the bank balances are short term in nature and maintained with accredited bank having satisfactory credit rating from international credit rating agencies.

**14 Fair value of financial instruments (Cont'd…)**

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to aim to maintain, as far as possible, that it will always have sufficient liquidity to meet its liabilities when under both normal and stressed conditions, without incurring unacceptable losses or risking the Company's reputation. Considering the nature of its operations, support from its Parent Company, and its historical cash flows, management believes that no further specific risk management procedures are required to address the liquidity risk.

**15 Comparative figures and level of precision**

No comparative information is presented in the financial statements as these are the first financial statements of the Company.

All figures are rounded off to the nearest Rial Omani.

# GEOMATIC.AI PTY LTD

**Unaudited Financial Statements for the year ended March 31, 2023**

**Board of directors**
Mr. David Chervathur Mathew
Mr. Anuj Bhalla
Mr. Sahil Dhawan

**Registered Office**
6Level 7, 607 Bourke Street,
Melbourne, Victoria 3000

**Bankers**
National Australia Bank

# STATEMENT OF COMPREHENSIVE INCOME

**For the year ended 31 March 2023**

| | Note | **2023** | 2022 |
|---|---|---|---|
| | | **12 Months** | 2 Months |
| | | **$** | $ |
| Revenue | | **17,214,513** | 3,174,385 |
| Direct expenses | | **(6,286,007)** | (1,680,214) |
| **Gross profit** | | **10,928,506** | 1,494,171 |
| Employee expenses | | **(8,661,194)** | (1,187,243) |
| Depreciation, amortisation and impairment of non-financial assets | | **(299,140)** | (58,663) |
| Other expenses | | **(3,539,013)** | (18,144) |
| **Operating profit** | | **(1,570,841)** | 230,121 |
| Net finance (loss)/income | 3 | **(136,594)** | 2,341 |
| **(Loss)/profit before income tax** | | **(1,707,435)** | 232,462 |
| Income tax (expense)/benefit | 4 | **478,082** | (65,089) |
| **Net (loss)/profit for the year** | | **(1,229,353)** | 167,373 |
| Other comprehensive income | | **-** | - |
| **Total other comprehensive income** | | **-** | - |
| **Comprehensive (loss)/income for the year attributable to the owners** | | **(1,229,353)** | 167,373 |

The above statement has not been audited and should be read in conjunction with the accompanying notes.

# STATEMENT OF FINANCIAL POSITION

**As at 31 March 2023**

| | Note | **2023 12 Months $** | 2022 2 Months $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | **2,903,520** | - |
| Current income tax benefit | 4 | **412,992** | - |
| Trade and other receivables | 5 | **3,648,337** | 1,975,023 |
| **Total current assets** | | **6,964,849** | 1,975,023 |
| **Non-current assets** | | | |
| Assets under construction | | **341,803** | 324,267 |
| Property plant and equipment | | **156,536** | 347,164 |
| **Total non-current assets** | | **498,339** | 671,431 |
| **Total assets** | | **7,463,188** | 2,646,454 |
| **Current liabilities** | 6 | | |
| Trade and other payables | | **4,983,785** | 3,995,004 |
| Related parties | 7 | **5,122,395** | - |
| Current income tax expense | 4 | **-** | 65,089 |
| **Total current liabilities** | | **10,106,180** | 4,060,093 |
| **NET ASSETS** | | **(2,642,992)** | (1,413,639) |
| **EQUITY** | | | |
| Retained earnings | | **(1,061,980)** | 167,373 |
| Capital reserve | | **(1,581,012)** | (1,581,012) |
| **Total Equity** | | **(2,642,992)** | (1,413,639) |

The above statement has not been audited and should be read in conjunction with the accompanying notes.

# STATEMENT OF CHANGES IN EQUITY

**For the year ended 31 March 2023**

| | Retained earnings $ | Total equity $ |
|---|---|---|
| **As at 01 April 2022** | 167,373 | 167,373 |
| Profit for the period | (1,229,353) | (1,229,353) |
| Dividends | - | - |
| Other comprehensive income for the year | - | - |
| **As at 31 March 2023** | **(1,061,980)** | **(1,061,980)** |
| **As at 07 February 2022** | - | - |
| Profit for the period | 167,373 | 167,373 |
| Dividends | - | - |
| Other comprehensive income for the year | - | - |
| **As at 31 March 2022** | **167,373** | **167,373** |

The above statement has not been audited and should be read in conjunction with the accompanying notes.

# STATEMENT OF CASH FLOWS

**For the year ended 31 March 2023**

| | **2023 12 Months $** | 2022 2 Months $ |
|---|---|---|
| **Operating activities** | | |
| Receipts from customers | **16,559,562** | 2,473,851 |
| Payments to suppliers and employees | **(17,910,936)** | (2,070,365) |
| Interest received | **-** | - |
| Finance income/(costs) | **(136,594)** | 2,341 |
| Income tax (paid) / refunded | **-** | - |
| **Net cash generated from/(used in) operating activities** | **(1,487,968)** | 405,827 |
| **Investing activities** | | |
| Purchase of plant and equipment | **(108,512)** | (405,827) |
| **Net cash generated from/(used in) investing activities** | **(108,512)** | (405,827) |
| **Financing activities** | | |
| Receipt of related party advances | **4,500,000** | - |
| Dividend | **-** | - |
| Repayment of lease liability principal | **-** | - |
| Repayment of lease liability interest | **-** | - |
| **Net cash generated from/(used in) financing activities** | **4,500,000** | - |
| Net change in cash and cash equivalents | **2,903,520** | - |
| Cash and cash equivalents, beginning of period | **-** | - |
| **Cash and cash equivalents, end of period** | **2,903,520** | - |

The above statement has not been audited and should be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS

**For the year ended 31 March 2023**

## 1. Corporate information

The reporting entity is Geomatic.ai Pty Limited (the “Company”). It is profit orientated and is registered under The Corporations Act 2001. The Company is a reporting entity for the purposes of the Financial Reporting Act 2013 and its financial statements comply with that Act.

The Company’s primary activity is geospatial technologies and consulting services.

## 2. Summary of significant accounting policies

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

### a) Basis of preparation

The Company’s financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements comply with International Financial Reporting Standards adopted by the International Accounting Standards Board.

The financial statements have been prepared on the basis of historical cost, being based on the fair values of the consideration given in exchange for assets. The financial statements have been prepared under the assumption that the Company operates on a going concern basis.

### b) Foreign currency translation

#### (i) Functional and presentation currency

Both the functional and presentation currency of the Company is Australian dollars ($).

#### (ii) Transactions & balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

### c) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### d) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**Financial assets**

Financial assets principally consist of the Company's cash and cash equivalents and trade and other receivables. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Trade receivables, which generally have 30-90-day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts. An allowance for credit losses is made when there is objective evidence that the Company will not be able to collect the debt. Credit losses are written off during the period in which they are identified.

**Financial liabilities**

As the accounting for financial liabilities remains largely the same under Australia IFRS 9 compared to Australia IAS 39, the Company's financial liabilities were not impacted by the adoption of Australia IFRS 9. The Company's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

**e) Property, plant and equipment**

All property, plant and equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management. This also includes assets held under a finance lease. Property, plant and equipment are subsequently measured using the cost model, being cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost of property, plant and equipment at the rate of 10%.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

| | **Total** |
|---|---|
| | $ |
| Period ended 31 March 2022 | |
| Opening net book amount | - |
| Additions | 405,827 |
| Disposals | - |
| Depreciation/amortisation | (58,663) |
| Closing net book amount | **347,164** |
| As at 31 March 2022 | |
| Cost | 405,827 |
| Accumulated depreciation / amortisation | (58,663) |
| Net book amount | **347,164** |
| Period ended 31 March 2023 | |
| Opening net book amount | 347,164 |
| Additions | 108,512 |
| Disposals | - |
| Depreciation/amortisation | (299,140) |
| Closing net book amount | **156,536** |
| As at 31 March 2023 | |
| Cost | 514,339 |
| Accumulated depreciation / amortisation | (357,803) |
| Net book amount | **156,536** |

**f) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a

Provisions are reviewed at each balance date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in provision due to the passage of time is recognised in finance costs.

**g) Employee benefits**

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non- accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

**h) Operating expenses**

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

**i) Revenue recognition**

Revenue arises from the provision of software services and business process outsourcing services. To determine when to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognising revenue when and as its performance obligations are satisfied.

**i) Revenue recognition (continued)**

Revenue arises from the provision of software services and business process outsourcing services. To determine when to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognising revenue when and as its performance obligations are satisfied.

The Company enters into agreements with customers to provide software and business process outsourcing solutions, which are specific to that customer's requirements. Services are provided in exchange for a consideration which is calculated either on a 'time and material' basis or a fixed price basis and it recognises the revenue over time. Due to the high degree of interdependence between the various elements of these projects, they are accounted for as a single performance obligation.

To depict the progress by which the Company transfers control of the software and services the customer, and to establish when and to what extent revenue can be recognised, the Company measures its progress towards complete satisfaction of the performance obligation by measuring outputs to date. This basis provides the most faithful depiction of the transfer of goods and services to each customer due to the Company's ability to accurately measure the time and materials incurred to date.

If the Company satisfies a performance obligation before it receives the consideration, the Company recognises accrued income within trade and other receivables in its statement of financial position.

All revenue is earned in Australia and is recognised in the month that the work is completed.

**j) Income tax**

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office and other taxation authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences and tax losses can be utilised. The company has not recognised any deferred tax assets.

**k) Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

· When the GST incurred on a purchase of goods and services is not recoverable from the Inland Revenue Department, in which case the GST is recognised as part of the cost of the acquisition of the asset or as part of the expense item as applicable; and

· receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

**l) Significant management judgement in applying accounting policies and estimation uncertainty**

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

**Contract revenue**

Recognised amounts of contract revenues and related receivables reflect management's best estimate of each contract's outcome and stage of completion. This includes the assessment of the profitability of on-going contracts. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

**3. Finance (expense)/income**

Finance (expense)/income for the reporting periods consists of the following:

| | **2023** | 2022 |
|---|---|---|
| | **12 Months** | 2 Months |
| | **$** | $ |
| Foreign exchange gains | **-** | 2,341 |
| Finance income | **-** | 2,341 |
| Foreign exchange losses | **(23,037)** | - |
| Interest and bank charges | **(113,557)** | - |
| Finance costs | **(136,594)** | - |
| Net finance (expense)/income | **(136,594)** | 2,341 |

**4. Income tax**

**(a) Income tax expense**

| | **2023** | 2022 |
|---|---|---|
| | **12 Months** | 2 Months |
| | **$** | $ |
| The major components of income tax expense are: | | |
| Statement of comprehensive income | | |
| Current tax expense | **478,082** | (65,089) |
| Adjustments to current tax in prior years | **-** | - |
| Deferred tax expense relating to the origination and reversal of temporary differences | **-** | - |
| Adjustments to deferred tax in prior years | **-** | - |
| Income tax (expense)/benefit reported in profit or loss | **478,082** | (65,089) |

**(b) Numerical reconciliation between aggregate tax expense recognised in profit or loss and tax expense calculated per the statutory income tax rate**

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Company's applicable income tax rate is as follows:

| | **2023** | 2022 |
|---|---|---|
| | **12 Months** | 2 Months |
| | **$** | $ |
| **Total accounting (loss)/profit before income tax** | **(1,707,435)** | 232,462 |
| At the Company's statutory income tax rate of 28% | **478,082** | (65,089) |
| Non-deductible items | **-** | - |
| Under/(over) provision in prior years | **-** | - |
| Other | **-** | - |
| Aggregate income tax expense | **478,082** | (65,089) |

## 5. Trade and other receivables

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| Trade receivables | **1,282,328** | 39,347 |
| Work in progress | **2,295,726** | 1,935,676 |
| Prepayments | **70,283** | - |
| Carrying amount of trade and other receivables | **3,648,337** | 1,975,023 |

## 6. Trade and other payables

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| Trade payables | **613,065** | 720,807 |
| Employee benefits | **2,241,687** | 1,763,440 |
| GST payable | **28,357** | 30,262 |
| Accruals | **1,885,499** | 1,264,453 |
| Provisions | **152,756** | 153,621 |
| Lease liability | **62,421** | 62,421 |
| **Carrying amount of trade and other payables** | **4,983,785** | 3,995,004 |

## 7. Related parties

The Company's related parties include its key management, and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

| | | | 2023 | 2022 |
|---|---|---|---|---|
| | | | $ | $ |
| **(a) Related party transactions** | | | | |
| **Name** | **Relationship** | **Transaction** | | |
| Momenton Pty Limited | Common ownership | Interest from | **108,739** | - |
| Momenton Pty Limited | Common ownership | Loan from | **4,500,000** | - |
| Tech Mahindra Limited | Common ownership | Purchases from | **1,896,338** | - |
| | | | **6,505,077** | - |
| **(b) Related party balances** | | | | |
| **Name** | **Relationship** | **Type** | | |
| Momenton Pty Limited | Common ownership | Loan payable | **4,500,000** | - |
| Momenton Pty Limited | Common ownership | Interest payable | **17,862** | - |
| Tech Mahindra Limited | Common ownership | Accounts payable | **604,533** | - |
| | | | **5,122,395** | - |

## 8. Financial instruments

The Company's principal financial instruments comprise receivables, payables and cash.

| | 2023 | 2022 |
|---|---|---|
| | **$** | $ |
| Financial assets: | | |
| - Cash and cash equivalents | **2,903,520** | - |
| - Trade and other receivables | **3,648,337** | 1,975,023 |
| | **6,551,857** | 1,975,023 |
| Financial liabilities at amortised cost: | | |
| - Trade and other payables | **4,983,785** | 3,995,004 |
| | **4,983,785** | 3,995,004 |

The fair values of these financial instruments approximate to their carrying values.

## 9. Leases

The Company as a lessee

For lease contracts the Company considers whether a contract is, or contains, a lease.

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the Statement of Financial Position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-to-use assets have been included in property, plant and equipment and lease liabilities have been included in Trade and other payables.

## 10. Capital Commitments

The Company has no capital commitments as at 31 March 2023 (2022: nil).

## 11 Contingencies

The Company has no contingencies at year as at 31 March 2023 (2022: nil).

## 12. Post-Reporting date events

The Directors are not aware of any other matters or circumstances after year end which would impact the financial statements.

# TECH MAHINDRA – BAHRAIN - LTD WLL

**Directors**

Mr. Hrishikesh Pandit
Mrs. Dhanashree Ajit Bhat

**Registered Office**

Flat 1126, Building 722

Road 1708, Block 317 Diplomatic Area, Manama

Kingdom of Bahrain

**Bankers**

Ahli United Bank B.S.C.

HSBC Middle East Limited

**Auditors**

KPMG Fakhro, Bahrai

Commercial registration

73221-1

# STATEMENT OF FINANCIAL POSITION

**as at 31 March 2023**

| Particulars | Note | 31-Mar-23 | 31-Mar-22 |
|---|---|---|---|
| **ASSETS** | | | |
| Trade and other receivables | 4 | **370,913** | 53,087 |
| Due from the Parent Company | 5 | **-** | - |
| Cash and bank balances | 6 | **297,327** | 520,801 |
| **Total assets** | | **668,240** | 573,888 |
| **EQUITY AND LIABILITIES** | | | |
| **Liabilities Equity** | | | |
| Share capital | 7 | **50,000** | 50,000 |
| Statutory reserve | 8 | **25,000** | 25,000 |
| Retained earnings | | **348,275** | 335,120 |
| **Total equity (page 6)** | | **423,275** | 410,120 |
| **Liabilities** | | | |
| Provision for employees' benefits | 9 | **20,990** | 16,484 |
| **Total non-current liabilities** | | **20,990** | 16,484 |
| Trade payables and other liabilities | 10 | **23,041** | 18,179 |
| Due to the Parent Company | 5 | **200,934** | 129,105 |
| **Total current liabilities** | | **223,975** | 147,284 |
| **Total equity and liabilities** | | **668,240** | 573,888 |

**Mr. Hrishikesh Pandit**
Director

**Mrs. Dhanashree Ajit Bhat**
Director

The accompanying notes 1 to 15 are an integral part of these financial statements.

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

**for the year ended 31 March 2023**

| **Particulars** | **Notes** | **2023** | 2022 |
|---|---|---|---|
| Revenue from services (net) | 11 | **272,881** | 203,179 |
| Cost of revenue | 12 | **234,122** | 164,598 |
| **Gross profit** | | **38,759** | 38,581 |
| Provisions for Doubtful Debts and bad debts | 4 | **-** | - |
| General and administrative expenses | 13 | **26,108** | 27,080 |
| **Profit from operations** | | **12,651** | 11,501 |
| Other Income | | **504** | 496 |
| Profit for the year | | **13,155** | 11,997 |
| Other comprehensive income for the year | | **-** | - |
| **Total comprehensive income for the year** | | **13,155** | 11,997 |

**Mr. Hrishikesh Pandit**
Director

**Mrs. Dhanashree Ajit Bhat**
Director

The accompanying notes 1 to 15 are an integral part of these financial statements.

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

**for the year ended 31 March 2023**

| **Particulars** | **2023** | 2022 |
|---|---|---|
| Cash flow from operating activities | | |
| **Profit for the year** | **13,155** | 11,997 |
| Adjustment for: | | |
| Sundry Balances write back | **-** | - |
| Interest On Fixed Deposit | **(504)** | (90) |
| Provision for employee's end of service benefits | **4,506** | 4,412 |
| Profit for the year before changes in operating assets and liabilities | **17,157** | 16,319 |
| Changes in operating assets and liabilities: | | |
| Trade receivables | **(317,826)** | 140,075 |
| Dues from the parent company | **-** | - |
| Trade and other payable | **4,862** | 11,152 |
| Due to the Parent company | **71,829** | (43,820) |
| | **(241,135)** | 107,407 |
| **Cash from/used in Operating Activities** | **(223,978)** | 123,726 |
| Settlement of employee's end of service benefits | **-** | - |
| **Net cash generated from operating activities** | **(223,978)** | 123,726 |
| **Cash flows from investing activities:** | | |
| Interest received on fixed deposits | **504** | 90 |
| **Net cash generated from investing activities** | **504** | 90 |
| **Net Increase/ decrease in cash and cash equivalents** | **(223,474)** | 123,816 |
| Cash and cash equivalents at the beginning of the year | **520,801** | 396,985 |
| **Cash and cash equivalents at the end of the year.** | **297,327** | 520,801 |
| **Actual cash balance** | **297,327** | 520,801 |

**Note 1: Adjustments for Other Income**

| | | |
|---|---|---|
| Interest On Fixed Deposit | **504** | |

To be added back as adjusted in Profit and Loss statement.

**Mr. Hrishikesh Pandit**
Director

**Mrs. Dhanashree Ajit Bhat**
Director

The accompanying notes 1 to 15 are an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

**for the year ended 31 March 2023**

| **2023** | **Share capital** | **Statutory reserve** | **Retained earnings** | **Total equity** |
|---|---|---|---|---|
| At 1 April 2022 | 50,000 | 25,000 | 335,120 | 410,120 |
| Total comprehensive income for the year | - | - | 13,155 | 13,155 |
| **At 31 March 2023** | **50,000** | **25,000** | **348,275** | **423,275** |

| **2022** | **Share capital** | **Statutory reserve** | **Retained earnings** | **Total equity** |
|---|---|---|---|---|
| At 1 April 2021 | 50,000 | 25,000 | 323,123 | 398,123 |
| Total comprehensive income for the year | - | - | 11,997 | 11,997 |
| **At 31 March 2022** | **50,000** | **25,000** | **335,120** | **410,120** |

The accompanying notes 1 to 15 are an integral part of these financial statements.

**1 REPORTING ENTITY**

Tech Mahindra -Bahrain- LTD WLL (the “Company”) was incorporated on November 3, 2009 as a limited liability company in the Kingdom of Bahrain and registered with the Ministry of Industry and Commerce under Commercial Registration number 73221-1.

The Company is engaged in providing information technology services and telecommunication solutions.

The Company’s registered office is in Manama, Kingdom of Bahrain. The Company is owned by Tech Mahindra Limited – India (the “Parent Company”).

The Company’s issued share capital consists of 500 ordinary shares at BD 100 each, issued and fully paid.

**2 BASIS OF PREPARATION**

**a) Statement of compliance**

The financial statements have been prepared in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in conformity with the requirements of the Commercial Companies Law.

**b) Basis of measurement**

The financial statements have been prepared on the historical cost convention.

**c) Functional and presentation currency**

The financial statements are presented in Bahraini Dinars (“BD”) being the functional currency of the Company.

**d) New standards, amendments and interpretations effective from 1 January 2022**

The standards, amendments and interpretations, which became effective as of 1 January 2022, are as follows:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37); and

- Property, Plant and Equipment (PPE): Proceeds before Intended Use (Amendments to IAS 16). The adoption of these amendments had no significant impact on the financial statements.

**e) New standards, amendments and interpretations issued but not yet effective**

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted; however, the Company has not early applied the following new or amended standards in preparing these financial statements:

- Classification of liabilities as current or non-current (Amendments to IAS 1), effective on or after 1 January 2023;

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practise Statement 2), effective on or after 1 January 2023; and

- Definition of Accounting Estimates (Amendments to IAS 8), effective on or after 1 January 2023.

The Company does not expect to have a significant impact on its financial statements from above new standards and amendments to standards.

**f) Use of estimates and management judgement**

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**Impairment of trade and other receivables**

The Company measures expected credit loss for receivables that result from all possible default events over the expected life of the receivable. A financial asset is considered ‘credit-impaired’ when one or more events, that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting polices applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied by the Company and are consistent with those used in the previous period.

### a) Revenue recognition

The Company recognises revenue when it transfers control of a product or service to a customer.

Revenue from contracts priced on a time and material basis is recognised when services are rendered. Revenue from fixed price contracts is recognised as performance obligation satisfied over a period of time based on the stage of completion of the contract. The stage of completion determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations.

The Company has entered into a service agreement with the Parent Company for reimbursement of costs incurred plus a mark-up ("cost plus method") which forms part of the revenue.

The Company has pass through billing agreement with Parent Company where the Company bills the third- party customers on behalf of Parent Company and revenue is recognised on net basis.

Contracts assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract liability ("Unearned revenue") arises when there are billing in excess of revenue.

### b) Cash and cash equivalents

Cash and cash equivalents comprise bank balances and short-term deposits with original contractual maturity period of three months or less. These are carried at amortised cost.

### c) Financial instruments

#### (i) Recognition and initial measurement

The financial instruments of the Company consist primarily of trade and other receivables, balance with a bank, trade and other payables, due from and to Parent Company. The Company recognises financial instruments initially on the trade date, which is the date when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### (ii) Classification and subsequent measurement Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt security; FVOCI – equity security; or FVTPL Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on de- recognition is also recognised in profit or loss.

**(iii) De-recognition Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset

expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

**Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

**(iv) Offsetting**

Financial assets and liabilities are set off and the net amount presented in the statement of financial position, when and only when, the Company currently has a legally enforceable right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**(v) Impairment**

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk has not increased significantly since initial recognition.

**Measurement of ECLs- Trade receivables**

The Company measures expected credit loss for receivables that result from all possible default events over the expected life of the asset. This includes receivables that have objective evidence of impairment at the reporting date. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

**Measurement of ECLs- Cash and bank balances (General approach)**

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

**Presentation of allowance for ECL in the statement of financial position**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

**d) Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

**e) Trade and other payables**

Trade and other payables expenses are recognised initially at fair value and subsequently stated at amortised cost.

**f) Foreign Currencies**

Transactions in foreign currencies are recognised in the functional currency at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the reporting dates. All differences are taken to profit or loss.

**g) Employee benefits**

Provisions are made for end-of-service benefits to all expatriate employees. The entitlement to these benefits is based upon the employee's final salary and length of service. The expected costs of these benefits are accrued over the period of the employment.

For Bahraini employees, contributions are made to the Social Insurance Organisation based on a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

**h) Provision**

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 such obligation.

**i) Statutory reserve**

In accordance with Commercial Companies Law, a minimum of 10% of the net profit is appropriated to a statutory reserve, until it reaches 50% of the paid-up share capital. This reserve is not normally distributable except in certain circumstances stipulated in the Commercial Companies Law.

**j) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

**k) Leases**

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

**As a Lessee**

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease

## 4 TRADE AND OTHER RECEIVABLES

| | **31 March 2023** | 31 March 2022 |
|---|---|---|
| Gross trade receivables | **62,501** | 12,211 |
| Less: Provision for impairment (i) | **(12,211)** | (12,211) |
| | **50,290** | - |
| Advance to supplier | **14,777** | 8,124 |
| Unbilled revenue | **296,392** | 39,418 |
| VAT receivable | **2,100** | 1,832 |
| Advance to employees and prepayments | **7,354** | 3,713 |
| | **370,913** | 53,087 |

(i) The movements of the provision for impairment of trade receivables were as follows:

| | **31 March 2023** | 31 March 2022 |
|---|---|---|
| At 1 April | **12,211** | 15,289 |
| Written off | **-** | (3,078) |
| At 31 March | **12,211** | 12,211 |

**5 RELATED PARTY TRANSACTIONS**

A significant portion of the Company's transactions in the normal course of business are with the Parent Company. All transactions are subject to controls embedded in respective processes in line with the Parent Company policies and procedures. These financial statements may not necessarily be indicative of the financial position that would have existed or of the Company's results of operations, if the Company had been operated as an unaffiliated Company

| **Due to Parent Company** | **31 March 2023** | 31 March 2022 |
|---|---|---|
| Tech Mahindra Limited – India | **200,934** | 129,105 |
| | **200,934** | 129,105 |

| The transactions with Parent Company are as follow: | **31 March 2023** | 31 March 2022 |
|---|---|---|
| Revenue from services (note 11) (i) | **272,881** | 203,179 |
| Payable for pass through billings (ii) | **(232,412)** | (88,463) |
| Payable for pass through accruals (ii) | **(296,392)** | (39,418) |
| Receivable/(Payable) recognised during the year | **(2,446)** | 135,359 |
| Net payment made / (received) | **186,539** | (166,837) |

(i) The Company bills its revenue to its Parent Company on the basis of its operating costs with a mark- up of 6%.

(ii) The Company bills third party customers on behalf of its Parent Company. The credit risk pertaining to these counterparts' rests with the Parent Company.

**6 Cash and Cash Equivalents**

| | **31 March 2023** | 31 March 2022 |
|---|---|---|
| Bank Balance (i) | **62,211** | 216,639 |
| Short term deposits with bank (ii) | **235,116** | 304,162 |
| | **297,327** | 520,801 |

(i) The Company earns no interest on cash at bank balance in current account.

(ii) Short term deposits with bank outstanding at year end, earns interest at a rate of 4% to 5% (2022: 0.05% to 0.3%) per annum with original maturity of less than 3 months.

**7 SHARE CAPITAL**

The Company's issued share capital consists of 500 ordinary shares at BD 100 each, issued and fully paid.

**8 STATUTORY RESERVE**

In accordance with the Commercial Companies Law and the Company's deed of incorporation, 10% of the profit has been transferred to a statutory reserve. The Company resolved to discontinue such annual transfer when the reserve reached 50% of the issued share capital. The reserve is not available for distribution, except in the circumstances stipulated in the Commercial Companies Law.

## 9 PROVISION FOR EMPLOYEES' BENEFITS

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| At 1 April | **16,484** | 12,072 |
| Charge for the year | **4,506** | 4,412 |
| At 31 March | **20,990** | 16,484 |

## 10 TRADE PAYABLES AND OTHER LIABILITIES

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Trade payables | **1,146** | 377 |
| Accrued expenses | **6,265** | 8,069 |
| Accrued employees' benefits | **15,630** | 9,733 |
| | **23,041** | 18,179 |

## 11 REVENUE FROM SERVICES (NET)

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Pass through billings to customers (note 5) | **528,804** | 127,881 |
| Less: Payable to Parent Company on pass through billings (note 5) | **(528,804)** | (127,881) |
| Service revenue to Parent Company (note 5) | **272,881** | 203,179 |
| | **272,881** | 203,179 |

## 12 COST OF REVENUE

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Staff costs | **196,968** | 138,784 |
| Travel expenses | **33,528** | 17,663 |
| Project specific expenses | **3,626** | 8,151 |
| | **234,122** | 164,598 |

## 13 GENERAL AND ADMINISTRATIVE EXPENSES

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| Professional fees | **10,165** | 12,840 |
| Insurance expenses | **2,535** | 5,785 |
| Rent expenses relating to short-term leases | **3,895** | 4,413 |
| Telephone and mobile charges | **3,850** | 2,843 |
| Foreign exchange loss (net) | **3,651** | - |
| Miscellaneous expenses | **2,012** | 1,199 |
| | **26,108** | 27,080 |

## 14 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments include financial assets and financial liabilities. Financial assets of the Company include trade and other receivables (excluding salary advances and prepaid expenses) and bank balances.

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The note also presents certain quantitative disclosures in addition to the disclosures throughout the financial statements.

The Board of Directors of the Parent Company have overall responsibility for the establishment and oversight of the Company's risk management framework.

The Parent Company's risk management framework ensures the Company's risk management. The Board of the Parent, which includes the Parent and its subsidiaries, oversees how the management monitors compliance with the Company's risk management framework and reviews its adequacy in relation to the risks faced by the Company.

**a) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company is principally exposed to credit risk on trade and other receivables and bank balances. The maximum credit risk is the carrying value of the assets.

**Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| | **31 March 2023** | 31 March 2022 |
|---|---|---|
| Trade and other receivables (i) | **348,782** | 41,250 |
| Bank balances (ii) | **297,327** | 520,801 |
| | **646,109** | 562,051 |

(i) The Company gives a credit period of 30 days to its customers after which the receivables are classified as past due. Credit risk for trade receivables and unbilled revenue pertaining passthrough billing rests with the Parent Company. The Company does not hold any collateral against the above receivables.

(ii) The Company limits its exposure to credit risk on bank balances by maintaining balances with banks having high credit ratings. Given these high credit ratings, the Company does not expect any bank to fail to meet its obligations. Accordingly, there is no significant expected credit loss on bank and deposit balances as on 31 March 2023 (31 March 2022: Nil).

The ageing of the trade receivables at the reporting date was:

| | **31 March 2023** | | | **31 March 2022** | | |
|---|---|---|---|---|---|---|
| | **Gross receivables** | **Loss rate** | **Impairment** | **Gross receivables** | **Loss rate** | **Impairment** |
| Past Due | | | | | | |
| 91-180 days | 50,290 | - | - | - | - | - |
| More than 1 year | 12,211 | 100% | 12,211 | 12,211 | 12,211 | 12,211 |
| | **62,501** | **100%** | **12,211** | **12,211** | **12,211** | **12,211** |

The Company has specifically assessed the exposure of trade and other receivables and does not expect the customer to fail to meet its obligations. Based on management assessment, there is no provision for impairment has been recorded on trade and other receivables as on 31 March 2023 (31 March 2022: Nil) on past due less than 1 year.

The Company has policy to make full provision on past due more than 1 year and accordingly all past due more than one has been fully provided as on 31 March 2023.

**b) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. All financial liabilities are payable within 6 months.

**c) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The Company is not exposed to any significant market risk on its financial instruments. Company's transactions primary denominated in Bahrain Dinar and the Company does not hold significant interest-bearing financial assets or liabilities.

**d) Capital management**

The Board's policy is to maintain a strong capital base to sustain the future development of the business. The Company is not exposed to externally imposed capital requirements. There were no significant changes in the Company's approach to capital management during the year.

**e) Fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

As on the reporting date, the fair value of the Company's financial assets and liabilities approximate their carrying values, due to their short term nature.

**f) Categorisation of financial instruments**

All financial assets and liabilities are classified "at amortised cost" as on 31 March 2023 and 31 March 2022.

**15 COMPARATIVES**

The corresponding figures have been regrouped where necessary to conform to the current year's presentation. The regrouping has not affected previously reported profit for the year or equity.

# TECH MAHINDRA FINTECH HOLDINGS LIMITED

**Board of Directors**
Mr. Vivek Satish Agarwal
Mr. Vikram Narayanan Nair

**Registered Office**
401, Grafton Gate,
Milton Keynes,
MK9 1AT

**Banker**
HSBC Bank Plc

**Auditor**
KNAV
Rear Ground Floor, Hygeia Building
66-68 College Road
Harrow, HA1 1BE
United Kingdom

# STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors present their strategic report for the year ended 31 March 2023.

**Principal activities**

The principal activity of Tech Mahindra Fintech Holdings Limited ("the company") is to hold an investment in the holding companies which control the Target Group of companies ("the group").

**Business performance**

The company was formed to acquire the share capital of Target Topco Limited. In August 2016 the company purchased 100% of the share capital of Target Topco Limited, the ultimate UK parent of Target Group Limited. Between FY20 and FY22 restructuring of group entities was undertaken with Target Topco Limited dissolved in January 2020 and Target TG Investments Limited dissolved in July 2021. With these changes, the company now holds 100 % of the share capital of Target Group Limited. The company does not carry out any activities other than holding an investment in Target Group Limited. During the year under review there are no major changes in the business. During the year the company has provided for impairment of investment amounting to £56,200,000 (2022: £Nil). The Net loss for the year amounted to £ 56,290,482 (2022: £ 136,475).

**Risks & uncertainties**

As a holding company the directors have not identified any specific risks or uncertainties, other than the ability to meet liabilities as they fall due which is covered by the financial support offered by the parent company.

The most significant financial instrument held by the company is its investment in Target Group Limited. The directors understanding of the risks associated with the investment held by the entity relate to the potential impairment of those investment. To identify any risk of impairment in a timely manner, the company reviews the financial performance of its investments on a regular basis. Wherever necessary impairment loss has been provided for.

**Position of the company at the year end**

At the end of the year the company has a cash balance which is deemed to be sufficient to meet current liabilities as they fall due. Any shortfall would be covered by the financial support offered by the parent company as mentioned in the risks above.

**Statement of directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006**

The board of directors determines the purpose and values of the company. The primary role of the board is that of trusteeship, to protect and enhance stakeholders' value through the strategic supervision of the company and its subsidiaries.

**People**

As a part of the group, our culture programme continues to thrive. Built around a clear set of values and behaviours, our employee recognition scheme ensures we recognise individuals and teams that make an outstanding contribution across the business. We also have a localised reward scheme in the group companies, "MyRecognition" which provides small rewards to swiftly recognise great examples of our group values and behaviours.

We continue to place a significant focus on colleague well-being through a range of initiatives and events, which hasresulted in us being well placed to support colleagues through the current macro-economic issues.

Our diversity & inclusion working group continues to drive initiatives at the heart of our values. At group level, we are delighted to have a diverse workforce and we have continued to support and encourage engagement through several activities involving our employees. It has been a difficult year to deliver some of the activities that were planned but we have been able to provide these virtually and online where possible.

**Customers**

Though at the company level, there are no major customers, at group level, the company caters to number of clients and value its customer relationships deeply and all clients have a specific Client Account Manager and Director to ensure regular and relevant engagement. Given that we are a business that provides long-term services to clients, the ability to develop and foster our client relationships is key to our success. We use client satisfaction surveys as a key metric to engage with our clients to monitor and continuously improve our services to them.

**Suppliers**

As a group, we proactively engage with our suppliers as we have several suppliers that are fundamental to the quality of our services, and therefore to ensuring that we meet the high standards of conduct that we set ourselves.

**Environment**

As a Group, we are passionate about engaging with our local community and taking responsibility for the environment around us.

The directors of the company have acted in accordance with their duties codified in law, which include their duty to act in the way in which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and its significant subsidiaries, having regard to the stakeholders and matters set out in section 172(1) of the Companies Act 2006. Section 172 considerations are embedded in decision making at Board level and throughout the group the company heads.

By order of the board

| | |
|---|---|
| **Vikram Narayanan Nair** | **Vivek Satish Agarwal** |
| Director | Director |
| Date: 23 June 2023 | |

# DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors have pleasure in presenting their directors 'report and the financial statements for the year ended 31 March 2023.

**Results and Dividend**

The results of the operations for the year under review are set out in the Profit and Loss Account in the ensuing pages.

The directors do not recommend the payment of any dividend (2022: £Nil).

**Directors**

The directors who held office during the year were as follows:

Mr. Vivek Satish Agarwal

Mr. Vikram Narayanan Nair

**Political contributions**

There were no political contributions made during the current or prior year.

**Going concern**

The company does not carry on any activities other than holding an investment in Target Group Limited

As at 31 March 2023, the company had net current assets of £457,805 (2022: £541,187), including cash of £398,400 (2022: £408,939), net assets of £27,450,705 (2022: £83,741,187) and reported a loss for the year then ended of £56,290,482 (2022: £136,475). The directors have prepared the financial statements on a going concern basis which they consider to be appropriate for the following reasons.

Tech Mahindra Limited, as the parent company has indicated that they will provide necessary funding to support the company to meet its obligations as they fall due for at least twelve months from the approval of these financial statements.

The directors are confident that the company will have sufficient funds to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**Post balance sheet Events**

The company's board of directors approved an increase in its share capital of 3 million ordinary shares on June 12, 2023. The immediate and ultimate parent company, Tech Mahindra Limited, subscribed to these shares. This infusion was made with the intention of making more investments in Target Group Limited. This demonstrates Tech Mahindra's trust in the strategic path taken by the management and its commitment in Target Group's future.

**Energy and Carbon Reporting**

The company is a low energy user with <40,000 kwh energy use.

However for the Target Group companies, below is the information for energy consumption from April 1, 2022 to March 31, 2023 :

The consumption of reportable energy for the Group was 1,819,454 kWh and 42,924 miles of travel mileage reimbursements to employees. This equated to:

- 339 tCO2e from the purchase of electricity
- 12 tCO2e from the purchase of gas
- 10 tCO2e from miles travelled by employees.

**Energy efficiency:**

The Group does not own any of its buildings, nor are they occupied under finance leases. The group have no authority to improve the energy efficiency of the buildings without agreement and investment from our landlords. Whilst management encourage energy efficiency best practice with our employees, the health and welfare of our employees always comes first.

**Intensity Ratio:**

The group used on average 1 kg $CO_2$ for every £183.63 of turnover (2022: 1kg $CO_2$ for every £134.92). The emissions have been calculated our emissions based on the Activity data (kWh or mileage) x Emission Factor. As our energy usage is invoiced directly from our energy suppliers, and the group has taken the usage of electricity and gas directly from the supplier invoices to determine the Activity data. For mileage, the group has used employee expense claims to determine the Activity data.

The group have used data from the carbon trust as the emissions factor source.

(https://proddrupalfiles.storage.googleapis.com/documents/resource/public/Conversion_factor_introductory_guide.pdf)

**Disabled employees**

The company along with its subsidiaries, always considers applications for employment by disabled persons, bearing in mind the aptitude of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure their employment with the Group continues and that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**Employees**

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings with the Executive Committee (“ExCo”) in the form of all company broadcasts, senior leadership team meetings, ‘Ask ExCo’ Yammer page, ‘MyForum’ employee engagement group and group e-mail communications. The communication channels are open forums and are a way of consulting regularly with employees on a wide range of matters affecting their current and future interests.

**Disclosure of information to auditor**

The directors who held office at the date of approval of this directors’ report confirm that, so far as they are each aware, there is no relevant audit information of which the company’s auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company’s auditor is aware of that information.

**Auditor**

The auditors, KNAV Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

By order of the board

**Vikram Narayanan Nair**
Director
Date: 27 June 2023

**Vivek Satish Agarwal**
Director

# STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company Law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TECH MAHINDRA FINTECH HOLDINGS LIMITED

**Opinion**

We have audited the financial statements of Tech Mahindra Fintech Holdings Ltd (the 'company') for the year ended 31 March 2023 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of twelve months from when the financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

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.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities set out on above, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the 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 ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**Extent to which the audit is capable of detecting irregularities, including fraud**

We design our procedures so as to obtain sufficient appropriate audit evidence that the financial statements are not materially misstated due to non-compliance with laws and regulations or due to fraud or error.

We are not responsible for preventing non-compliance and cannot be expected to detect noncompliance with all laws and regulations. The primary responsibility for prevention and detection of fraud rest with both those charged with governance and management of the entity.

Based on our understanding of the Company and industry, discussions with management, we identified Companies Act 2006, Financial Reporting Standard 102 and UK taxation legislation as having a direct effect on the amounts and disclosures in the financial statements.

As part of the engagement team discussion about how and where the Company's financial statements may be materially misstated due to fraud, we did not identify any areas with an increased risk of fraud.

Our audit procedures included:

- enquiry of management about the Company's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;

- examining supporting documents for all material balances, transactions and disclosures;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting

from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Amanjit Singh FCA**

Senior Statutory Auditor

For and on behalf of KNAV Limited, Statutory Auditor

Hygeia Building
Ground Floor
66-68 College Road
Harrow
Middlesex
HA1 1BE

Date: 27 June 2023

# PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

| Particulars | Note | **Year ended** | Year ended |
|---|---|---|---|
| | | **31-Mar-23** | 31-Mar-22 |
| | | **£’000** | £’000 |
| Administrative expenses | | **(90)** | (138) |
| **Operating loss** | | **(90)** | (138) |
| Other income | | **-** | 2 |
| Impairment of investment | 8 | **(56,200)** | - |
| **Loss before tax** | | **(56,290)** | (136) |
| Tax on loss | | **-** | - |
| **Loss after tax** | | **(56,290)** | (136) |
| Other comprehensive income | | **-** | - |
| **Total comprehensive loss** | | **(56,290)** | (136) |

See accompanying notes forming part of the financial statements.

All amounts relate to continuing operations.

# BALANCE SHEETS

| Particulars | Note | **As at 31-Mar-2023 £000** | As at 31-Mar-2022 £000 |
|---|---|---|---|
| **INVESTMENTS** | 8 | **27,000** | 83,200 |
| **CURRENT ASSETS** | | | |
| Debtors | 9 | **60** | 143 |
| Cash at bank and in hand | | **398** | 409 |
| | | **458** | 552 |
| **CREDITORS: amounts falling due within one year** | 10 | **(7)** | (11) |
| **NET CURRENT ASSETS** | | **451** | 541 |
| **TOTAL ASSETS LESS NET CURRENT LIABILITIRS** | | **27,451** | 83,741 |
| **NET ASSETS** | | **27,451** | 83,741 |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | 11 | **60** | 60 |
| Share premium account | | **107,584** | 107,584 |
| Profit and loss account | | **(80,193)** | (23,903) |
| **SHAREHOLDERS FUNDS** | | **27,451** | 83,741 |

These financial statements were approved by the board of directors on 24 June 2023 and were signed on its behalf by:

**Vikram Narayanan Nair**
Director
Date: 23 June 2023

**Vivek Satish Agarwal**
Director

See accompanying notes forming part of the financial statements.

**Statement of changes in Equity**

| Particulars | Called Up Share Capital | Share Premium Account | Profit and Loss Account | Total Equity |
|---|---|---|---|---|
| | **£'000** | **£'000** | **£'000** | **£'000** |
| Balance as at 1st April 2021 | 60 | 107,582 | (23,767) | 83,875 |
| Addition/Adjustments during the year | - | 2 | - | 2 |
| Total Comprehensive Profit /(Loss) for the period | - | - | (136) | (136) |
| **Balance as on 31 March 2022** | **60** | **107,584** | **(23,903)** | **83,741** |
| Balance as at 1st April 2022 | 60 | 107,584 | (23,903) | 83,741 |
| Addition/Adjustments during the year | - | - | - | - |
| Total Comprehensive profit /(loss) for the period | - | - | (56,290) | (56,290) |
| **Balance as at 31st March 2023** | **60** | **107,584** | **(80,193)** | **27,451** |

# NOTES TO FINANCIAL STATEMENTS

**1 Company information**

Tech Mahindra Fintech Holdings Limited ('the Company') is a private company limited by shares, incorporated, registered and domiciled in England and Wales, in the United Kingdom. The registered office is 401, Grafton Gate, Milton Keynes, MK9 1AQ.

**2 Accounting policies**

The financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Companies Act 2006.

The company's functional and presentation currency is Pounds sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. The company's ultimate parent undertaking, Tech Mahindra Limited includes the company in its consolidated financial statements. The consolidated financial statements of Tech Mahindra Limited are prepared in accordance with Indian Accounting Standards and are available to the public and will be e obtained from the National Stock Exchange of India Ltd (NSE), The BSE Limited (BSE) and the company's website (www. techmahindra.com). In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7;
- the requirements of Section 11 Basic Financial Instrument.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

**2.1 Measurement convention**

The financial statements are prepared on the historical cost basis.

**2.2 Going concern**

The company does not carry on any activities other than holding an investment in Target Group Limited

As at 31 March 2023, the company had net current assets of £457,805 (2022: £541,187), including cash of £398,401 (2022: £408,939), net assets of £27,450,705 (2022: £83,741,187) and reported a loss for the year then ended of £56,290,482 (2022:£136,475). The directors have prepared the financial statements on a going concern basis which they consider to be appropriate for the following reasons.

Tech Mahindra Limited, as the ultimate parent company has indicated that they will provide necessary funding to support the company to meet its obligations as they fall due for at least twelve months from the approval of these financial statements.

The directors are confident that the company will have sufficient funds to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**2.3 Foreign Currency**

Transactions in foreign currencies are translated to the companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non- monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognized in the profit and loss account.

**2.4 Classification of financial instruments issued by the company**

In accordance with FRS 102.22, financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavorable to the company; and

- where the instrument will or may be settled in the company's own equity instruments, it is either a non- derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

**2.5 Basic financial instruments**

Trade and other debtors and creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

**Interest-bearing borrowings classified as basic financial instruments**

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses. In the company balance sheet, investments in subsidiaries acquired for consideration are measured by reference to purchase price less any impairment.

**Investments in subsidiaries**

Investments in subsidiaries are carried at cost less impairment.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand are included within liabilities.

**2.6 Impairment**

**Financial assets**

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**Non-financial assets**

The carrying amounts of the entity's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its Cash Generating Unit (CGU) exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

**2.7 Provisions**

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

**2.8 Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

**3 Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements in conformity with FRS102 requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, turnover, costs, expenses and other comprehensive income that are reported and disclosed in the financial statements and accompanying notes. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates and assumptions are used as follows:

**Impairment of investments –**This is explained under note 1.6

**4 Auditor's remuneration**

| | **Year ended 31 March 2023 £000** | Year ended 31 March 2022 £000 |
|---|---|---|
| Audit of these financial statements | **7** | 5 |
| | **7** | 5 |

**5 Staff numbers and costs**

There were no employees in the company during the year ended March 31, 2023 (2022: Nil).

**6 Directors' remuneration**

No remuneration or benefits were paid to any of the directors during the year ended March 31, 2023.

The directors are remunerated by other group companies, however none of their remuneration was in respect of this company, due to its nature as a non-trading holding company.

## 7 Taxation

Reconciliation of effective tax rate

| | Year ended 31 March 2023 £000 | Year ended 31 March 2022 £000 |
|---|---|---|
| Profit / (loss)for the year | **(56,290)** | (136) |
| Total tax credit | **-** | - |
| Profit /(Loss)Loss before tax | **(56,290)** | (136) |
| Tax using UK corporation tax rate of 19%(2022 %) | **(10,695)** | (26) |
| Movement in deferred tax not recognised | **10,695** | 26 |
| Group Tax relief claimed | **-** | - |
| **Total tax credit included in profit or loss** | **-** | **-** |

The main rate of corporation tax is 19% (2022:19%)

No deferred tax has been recognised on the carried forward losses, as due to the nature of the company it cannot be estimated when these will be utilised.

## 8 Fixed asset investments

| | Year ended 31 March 2023 £000 | Year ended 31 March 2022 £000 |
|---|---|---|
| **Cost** | | |
| At 1 April 2022 | **83,200** | 83,200 |
| Adjustment on account of impairment / fair valuation | **(56,200)** | - |
| At 31 March 2023 | **27,000** | 83,200 |
| At 31 March 2022 | **83,200** | 83,200 |
| **At 31 March 2023** | **27,000** | 83,200 |

**Investment in Target Group Limited**

The company's wholly owned subsidiaries as at 31 March 2023 were as below

| Subsidiary Undertaking | Registered Office | Principal activity | Class of Shared Held | % Held |
|---|---|---|---|---|
| Target Group Limited | Target House,5-19 Cowbridge Road East, Castlebridge, Cardiff, CF11 9AU | Business and domestic software development | Ordinary | 100% |

The revenue projections of the Target Group Limited have reduced drastically considering termination of one of the major contracts during the year which had a contract value of GBP 152 million over a 7 year period with an approximate margin of 22%. During the year ended March 2023, another customer contract with an annual revenue of GBP 7 million was not renewed. Given the banking situation globally and the aforesaid losses, the management of Target Group Limited has considered a reduction in the cash flow projections. Owing to the above-mentioned factors and decline in operations, the company performed impairment analysis for Target Group Limited for the year ended March 2023. The recoverable amount (computed considering a pre-tax discounting rate of 15.4%) was lower than the carrying value of investments, the company has recognized an impairment loss of £56,200,000 in the current year on its investment in Target Group Limited in the statement of profit and loss account. The value of the investment currently remains at £27,000,000 (2022: £83,200,000) at the end of the year.

## 9 Debtors

| | Year ended 31 March 2023 £000 | Year ended 31 March 2022 £000 |
|---|---|---|
| Amounts owed by group undertakings | **52** | 52 |
| Prepayments | **8** | 91 |
| | **60** | 143 |

Debtors are all due within one year. Amounts due to group undertakings are interest free, unsecured and repayable on demand.

**10 Creditors: amounts falling due within one year**

| | **Year ended** | Year ended |
|---|---|---|
| | **31 March 2023** | 31 March 2022 |
| | **£000** | £000 |
| Other creditors | **7** | 11 |
| | **7** | 11 |

**11 Share capital**

| | **Number of shares** | Year ended |
|---|---|---|
| **Allotted, called up and fully paid** | **31-Mar-23** | 31-Mar-22 |
| Balance at 1 April | **6,000,001** | 6,000,001 |
| Issued during the year | **-** | - |
| Balance as at 31 March | **6,000,001** | 6,000,001 |
| Types of Shares | **No of shares** | Face Value £ |
| Ordinary shares of £0.010 each | **5,875,001** | 58,750 |
| A1 shares of £0.0001 each | **62,500** | 6 |
| A2 voting shares of £0.0200 each | **62,500** | 1,250 |
| | **6,000,001** | 60,006 |

A1 Shares have no voting rights attached, are non-redeemable and are not entitled to dividends.

A2 Shares are entitled to the greater of two votes per share held, and such number of votes that would give the holder 5% of voting rights in the company (reducing other classes accordingly). The shares are non-redeemable and are not entitled to dividends.

Ordinary shares are entitled to one vote and are entitled to dividends.

In May 2017, the company issued 17,816 A1 ordinary shares of £ 0.0001 each to the employees of Target Group at a premium of £ 0.1599. These shares were financed by a loan from the company to the employees at zero interest rate. The company had established Tech Mahindra Fintech Holding Limited Employee Benefit Trust (“Trust”) and allotted 19,059 A1 ordinary shares of £0.0001 each. In the current financial year the Trust has been dissolved and the entire shareholding has been transferred to Tech Mahindra Limited.

**Reserves**

The share premium reserve contains the premium arising on issue of equity shares.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

**12 Ultimate controlling party**

The company is a subsidiary undertaking of Tech Mahindra Limited. The ultimate controlling party is Tech Mahindra Limited, and its registered office is Gateway Building, Apollo Bunder, Mumbai – 400001, India.

The largest group in which the results of the company are consolidated is that headed by Tech Mahindra Limited, having its registered office at Gateway Building, Apollo Bunder, Mumbai – 400001, India. The consolidated financial statements of Tech Mahindra Limited will be available to the public on the National Stock Exchange of India Ltd (NSE), The BSE Limited (BSE) and the company’s website (www.techmahindra.com).

**13 Related party transactions**

On 31 March 2023, £52,079 (2022: £52,079) is receivable in relation to group tax relief from the parent company. There were no transactions with related parties during the year.

## 14 Post balance sheet events

On 12th June 2023, the company passed a resolution to increase its share capital from 5,875,001 ordinary shares to 8,875,001 by issuing 3,000,000 ordinary shares. The company issued 3,000,000 ordinary shares of nominal value GBP 0.01 each at a price of GBP 4.50 per share. These shares are subscribed by Tech Mahindra Limited, the ultimate parent company. The proceeds of this issue were utilized to invest in the shares of Target Group Limited. The company subscribed 13,200,000 ordinary shares of the Target Group Limited at nominal value of GBP 0.05 each at a price of GBP 1 per share.

The Company evaluated all events and transactions that occurred after March 31, 2023, through the date the financial statements were issued. Based on the evaluation, the Company is not aware of any other events or transactions other than the one mentioned above that would require recognition or disclosure in the financial statements.

# TARGET GROUP LIMITED

**Board of Directors**

Mr Vivek Satish Agarwal

Ms Aileen Wallace

Mr A.J. McIntyre

Mr John Stephen Barker - appointed on 1 September 2022 and resigned on 31 May 2023

Mr P.A. O'Connor from 31 May 2023

**Registered Office**

Target House, 5-19

Cowbridge Road East

Castlebridge, Cardiff

CF11 9AU

**Bankers**

HSBC Bank

**Auditors**

MHA

MacIntyre Hudson LLP

Statutory Auditor

London, United Kingdom

# STRATEGIC REPORT

This strategic report has been prepared for the Group as a whole (“Target”), so includes matters which are significant to Target Group Limited and its subsidiary undertakings.

**Review of the business**

**Principal activities**

The principal activities of Target are the provision of transformational outsourcing, business process management, managed services and software to the financial services sector. We enable clients to transform performance by delivering a world class combination of customer experience, regulatory compliance and productivity through our digital technology and process improvement capabilities. Our services are delivered in highly regulated mission critical environments, and our platform supports over £27bn of business. We have over 40 years’ experience and are trusted by over 40 financial institutions, including some of the top 20 global banks.

Through Elderbridge Limited we act as Lender of Record on a number of lending portfolios, providing management services for portfolio owners in the FCA regulated environment.

**Financial review**

Under a new leadership team, Target Group Limited has embarked on a complete overhaul of its strategy and operations. This has initiated a review into various historical issues requiring potential remediation and has demanded the attention of colleague across the Company with many newly identified challenges and a significant amount of hard work.

Even so, the Company has managed to develop an exciting new product which could be transformational for mortgage providers, Mortgage Hub. Revolutionising the Mortgage Process | Target (targetgroup.com). Our objective is to revolutionise the Mortgage process and drive enhanced customer experience utilising cutting edge technologies and UX design.

The Company has reviewed its own financial position rigorously and taking all the foregoing into account, the Company has reported a loss before taxation of £12,834k. Recapitalisation has been undertaken after the year end in order to return the Company to a shareholder funds surplus position, with Tech Mahindra Fintech Holdings Limited injecting further equity into the Company, evidencing our parent company’s continued commitment to the success of the Company. This allows the Company to be a good position to achieve its ambitious plans. The directors are grateful to the company’s parent for expressing confidence in its future, and for providing the fresh capital needed.

Turnover for the year ended 31 March 2023 of £66,268k (31 March 2022 of £76,689k) represents a decrease of 14% (2022: increase of 8%). The gross margin for the year was 16% (2022: 23%).

Operating loss increased from £4,860k for the year ended 31 March 2022 to an operating loss of £12,644k for the year ended 31 March 2023. The macro-economic climate has impacted our financial performance for the year ended 31 March 2023, with reduced transaction volumes and growth in originating portfolios we service, inflationary uplifts in our cost base and a challenging year for winning and delivering new business. We have continued to invest in our platforms and operating model during the year which will deliver future cost savings, but not all of our investment meets the capitalisation thresholds available. This has resulted in additional costs in the year, but it is important investment to ensure we continuously improve our services to clients and customers, whilst driving efficiencies into our operations.

The impact of macroeconomic challenges on our customers will be an area we closely monitor. Our proven track record in successfully supporting our customers through challenging times provides confidence that we will continue to meet the changing needs of our customers and colleagues as we move forward

**Strategic Report**

The following data illustrate the annualised comparison:

| | **2023**<br>**£000** | 2022<br>£000 |
|---|---|---|
| Revenue | **66,268** | 76,689 |
| Loss before taxation | **(12,834)** | (5,001) |

**Our markets**

Our clients are predominantly providers of lending, payment and investment products, across both the public and private sectors. We service these markets through four key offerings; transformational outsourcing, business process outsourcing, managed services and software, all of which are supported by our professional services and consultancy teams.

**Business performance**

Significant changes were made to the operational structure of the business, in year, that will begin to crystalise in 2023/24, driving improved performance. In addition, Target continue to work closely with Tech Mahindra, of which Target is a 100%-owned subsidiary, in bringing new technology to bear in helping our clients succeed. This combined Target/Tech Mahindra approach creates a compelling proposition for future growth.

Within our existing client portfolio, several high profile clients took the decision to renew their contracts with Target during the year. These are relationships that we value deeply. We expect that our continued focus on operational excellence will see us secure additional contract extensions as we move forward.

**People**

In May 2023, Peter O'Connor was appointed to the Board as CEO. Peter had previously held the position as Chief Operating Officer at Target since August 2022.

The average number of colleagues has reduced in the year from 1,129 to 1,003.

Our culture programme continues to thrive. Built around a clear set of values and behaviours, our employee recognition scheme ensures we recognise individuals and teams that make an outstanding contribution across the business. We also have a localised reward scheme, "MyRecognition" which provides small rewards to swiftly recognise great examples of our Target values and behaviours.

We continue to place a significant focus on colleague well-being through a range of initiatives and events, which has resulted in us being well placed to support colleagues through the current macro-economic issues

Our Diversity & Inclusion working group continues to drive initiatives at the heart of our values. At Target we are delighted to have a diverse workforce and we have continued to support and encourage engagement through a number of activities involving our employees.  It has been a difficult year to deliver some of the activities that were planned but we have been able to provide these virtually and online where possible.

**Corporate social responsibility**

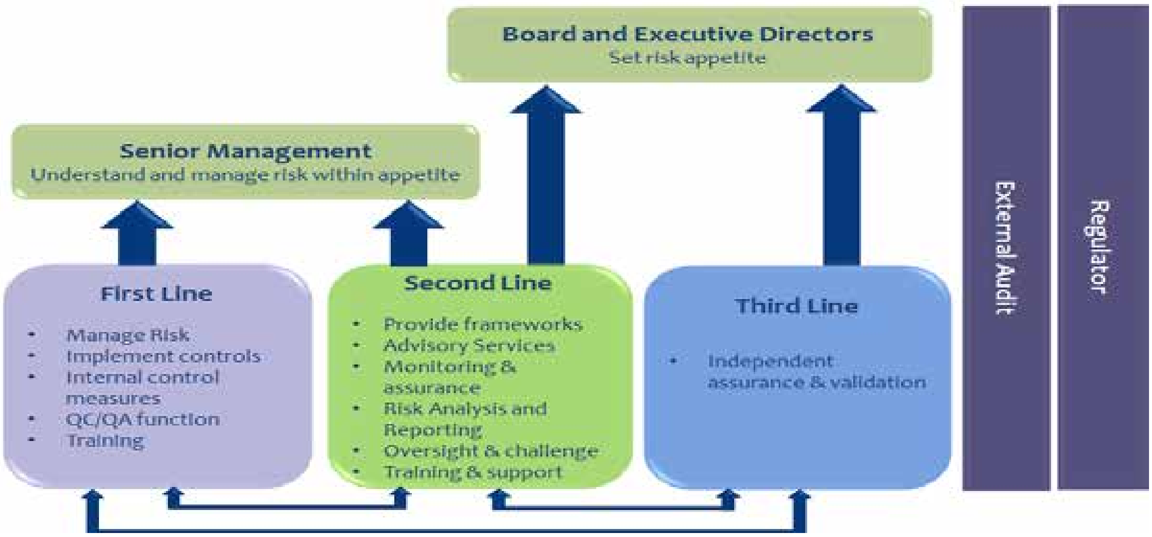
As a Group, we are passionate about engaging with our local community and taking responsibility for the environment around us. In the year end 31 March 2023 there were 80 volunteering days utilised by our colleagues and a total of £11,941 was raised for our charity partners.

**Strategic Report**

**Principal risks and uncertainties**

**Risk management in Target Group**

Target seeks to embed effective risk management through the application of a 'Three Lines of Defence' model to manage and mitigate risks and provide assurance over the control environment. The Framework is maintained by the Group Risk & Compliance function. Operations form the first line of defence and are responsible for day to day operational risk management. This is overseen by the Risk and Compliance Function operating as the second line of defence. The third line is Internal Audit which operates independently, as a co-sourced arrangement with external providers.



Outputs from risk management activities are reviewed through the Risk Governance Framework, culminating in escalation to the Board's Group Risk Committee or Group Audit Committee which are sub committees of the Target Group Board. We continue to review and evolve our Risk Management Framework, and as a result our Risk Governance Framework was updated during the year. The Framework is set out in the diagram below.


**Strategic Report**

**Principal risk outlook**

Target aims to offer innovative technology-based servicing, software and product propositions, within the constraints of its financial resources and without compromising customer outcomes, its reputation or its brand. It only pursues opportunities that are well understood, that support the vision and strategy of the Group and where risks can be effectively managed.

The Group manages its risk profile across seven principal risk themes which are summarised below:

| Risk Theme | Definition | Key Mitigants |
|---|---|---|
| Conduct | The risk that we don't achieve good outcomes for our customers/clients, or cause market instability through our actions. | -Conduct Forum which reviews customer outcomes and discusses legal and regulatory changes<br>- Monthly 1st Line QA and Outcomes Testing<br>- Compliance Assurance Plan which has been approved by GRC<br>- Key frameworks and policies in place (e.g. Complaints, Arears, Vulnerable Customers)<br>- Dedicated Risk and Compliance Business Partners for departments and client portfolios |
| Operational | The risk of loss resulting from ineffective or failed internal processes, people, systems, or external events that can disrupt the flow of business operations. | - Fully established and resourced incident process<br>- Comprehensive resource management approach<br>- Dedicated Risk and Compliance Business Partners for departments and client portfolios<br>- Dedicated Business Continuity / Operational Resilience expertise |

| Risk Theme | Definition | Key Mitigants |
|---|---|---|
| People | The risk of not having the sufficient number or sufficiently experienced people within the Group to adequately meet business demand. | - Key frameworks and policies in place (e.g. Recruitment, Remuneration, Absence)<br><br>- Comprehensive resource management approach |
| Technology & Change | The risk relating to any technology failure, information security incident, cyber-attack, data breach or failure to successfully deploy change that disrupts the business. | - Key frameworks and policies in place (e.g. Cyber Security, Data Protection, Information Security)<br><br>- Fully established and resourced incident process<br><br>- Dedicated 1st and 2nd Line data security teams |
| Regulatory | The risk that the Group does not meet its existing or emerging legal and regulatory obligations. | - Fully resourced Compliance Advisory team<br><br>- Horizon Scanning process in place with monthly bulletin produced and published<br><br>- Conduct Forum which reviews customer outcomes and discusses legal and regulatory changes<br><br>- Monthly 1st Line QA and Outcomes Testing<br><br>- Compliance Assurance Plan which has been approved by GRC<br><br>- Key frameworks and policies in place (e.g. Complaints, Arears, Vulnerable Customers) |
| Strategic | Strategic risk relates to any internal and external events that may make it difficult, or even impossible, for the Group to achieve its objectives. | - Defined strategy, that has been rolled out company wide, with accompanying measures to monitor progress<br><br>- BRC, MRC and GRC in place to monitor risks relating to the Group achieving its strategy |
| Financial | The risk that the Group is unable to effectively manage its financial commitments. | - Continued Tech Mahindra (parent company) investment and support into the Group, evidenced by the post balance sheet equity injection.<br><br>- Comprehensive approach to budget approval and sign-off<br><br>- Financial governance surrounding monthly performance against plan<br><br>- Maturity in relation to 5-year plans. |

**Section 172 Statement**

Target Group is a trusted provider of outsourced services within the financial services sector and as such the group seeks to put the customers of its clients first, invests in its employees, supports the communities in which it operates and strives to generate sustainable profits for shareholders.

The Directors of the group have acted in accordance with their duties codified in law, which include their duty to act in the way in which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in section 172(1) of the Companies Act 2006.

Section 172 considerations are embedded in decision making at Board level and throughout the Group. Where applicable, any issues, factors and stakeholders which the Directors consider when discharging their duty under section 172(1) are detailed within the strategic report and directors' report within these annual statements.

Our business purposes and the risks facing our organisation are set out in the strategic report, including those relating to our people and our social responsibilities practices, including examples of stakeholder engagement with employees and suppliers.

**Events after the reporting period**

Target Group is a wholly owned subsidiary of Tech Mahindra Fintech Holdings Limited, with the ultimate parent company of Tech Mahindra Limited. Tech Mahindra Fintech Holdings Limited have completed an equity injection into the Group in June 2023 of £13.2m. This evidences Tech Mahindra's investment in Target Group's future and confidence in the strategic direction under the new management team's leadership. This significant injection will return the Group to a shareholder funds surplus, provides a positive cash balance and gives the Directors of the Group confidence in the Group's ability to continue as a going concern. The appropriate level of funds will flow down into the regulated entities in the Group to ensure that they are sufficiently solvent.

**Strategic Report**

**Future developments**

Target Group Limited's new management team is fully committed to a complete overhaul of its strategy and operations. Focusing attention on potential remediation of historical issues and a keen focus on the future growth prospects with the launch our exciting new product which will be transformational for mortgage providers.

Target Group is in an excellent position to take advantage of opportunities arising in the coming year. Significant investment in new proposition aims to open the door into new markets for the Group.

A rapidly changing financial services market will lead to opportunities with both established players and disruptive entrants. The continued strengthening of our senior leadership team and our relationship with Tech Mahindra during the year leaves us well positioned to secure these new client opportunities.

Ultimately the success of Target will be determined by the success of our clients and I would like to take this opportunity to thank our clients for their continued custom.

By order of the Board

**5-19 Target House**
Cowbridge Road East
Cardiff CF11 9AU
Registered number 01208137

**P.A. O'Conn**or
*Director*

16 June 2023

# DIRECTORS' REPORT

The directors present their annual report together with the financial statements and auditor's report, for the year ended 31 March 2023.

In accordance with Section 414C (11) of the Companies Act 2006, certain information around the trading activities of the Group are contained within the Strategic Report.

**Results and dividends**

The Group's results are set out in the consolidated profit and loss account and the strategic report. The directors elected not to declare a dividend during the year (2022: £nil).

**Directors**

The directors who held office during the year were as follows:

V.S. Agarwal

A. Wallace

R. Newman - resigned on 1 September 2022

A.J. McIntyre

J.S. Barker - appointed on 1 September 2022 and resigned on 31 May 2023

P.A. O'Connor - appointed on 31 May 2023

**Directors' indemnities**

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the prior period and remain in force at the date of this report.

**Financial risk management objectives and policies**

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risks.

**Cash flow risk**

All treasury matters are coordinated via the relevant group functions of our parent entity Tech Mahindra Limited.

There is minimal interest rate risk to the Group as we hold no external debt, except our finance leases and overdraft facility.

**Credit risk**

The Group's principal financial assets are bank balances and cash, trade and other receivables and investments.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

The Group has no significant concentration of credit risk, with exposure spread over a large number of clients. Most of our clients are blue chip investment, retail banking, finance and insurance companies, and government bodies which represent a low credit risk.

**Liquidity risk**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses short-term debt finance, when required. Finance leases are used by the company to facilitate the purchase of long-term assets (note 1).

**Regulatory risk**

Target Servicing Ltd is classified as an Article 3 MiFID exempt firm and also holds the status as ISA Plan Manager with HMRC in respect of the Hartmoor Financial brand. Our compliance function reviews our regulatory requirements on an ongoing basis to ensure compliance with all relevant permissions held.

Elderbridge Limited was established in 2014 as a loan servicing company authorised and regulated by the Financial Conduct Authority (FCA). The entity holds various lending permissions for consumer credit and mortgages.

The group's compliance function reviews the group's regulatory requirements on an ongoing basis to ensure compliance with all relevant permissions held.

**Political contributions**

No political donations were made during the year (2022: nil).

**Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitude of the applicant concerned. In the event of members of staff becoming disabled, every effort will be made to ensure their employment with the Group continues and that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**Employee consultation**

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings with the Executive Committee ("ExCo") in the form of all company broadcasts, senior leadership team meetings, 'Ask ExCo' Yammer page, 'MyForum' employee engagement group and group e-mail communications. The communication channels are open forums and are a way of consulting regularly with employees on a wide range of matters affecting their current and future interests.

**Energy and Carbon Reporting**

For the period from 1 April 2022 to 31 March 2023 the consumption of reportable energy for the Group was 1,819,454 kWh and 42,924 miles of travel mileage reimbursements to employees. This equated to:

- 339 tCO2e from the purchase of electricity
- 12 tCO2e from the purchase of gas
- 10 tCO2e from miles travelled by employees

**Energy efficiency:**

The Group does not own any of its buildings, nor are they occupied under finance leases. We have no authority to improve the energy efficiency of the buildings without agreement and investment from our landlords.

Whilst we encourage energy efficiency best practice with our employees, the health and welfare of our employees always comes first.

**Intensity Ratio:**

The group used on average 1 kgCO2 for every £183.63 of turnover (2022: 1kg CO2 for every £134.92).

We have calculated our emissions based on the Activity data (kWh or mileage) x Emission Factor.

As our energy usage is invoiced directly from our energy suppliers, and we have taken the usage of electricity and gas directly from the supplier invoices to determine the Activity data. For mileage, we have used employee expense claims to determine the Activity data. We have used data from the Carbon Trust: (https://proddrupal-files.storage.googleapis.com/documents/resource/public/Conversion_factor_introductory_guide.pdf) as the emissions factor source.

**Statement of engagement with suppliers, customers and others in a business relationship with the group**

We value our customer relationships deeply and all clients have a specific Client Account Manager and Director to ensure regular and relevant engagement. Given that we are a business that provides long-term services to clients, the ability to develop and foster our client relationships is key to our success. We use client satisfaction surveys as a key metric to engage with our clients to monitor and continuously improve our services to them.

We proactively engage with our suppliers as we have a number of suppliers that are fundamental to the quality of our services, and therefore to ensuring that we meet the high standards of conduct that we set ourselves. We perform due diligence on our suppliers before entering a relationship to assess whether they meet the standards of conduct we expect. We conduct frequent supplier meetings, the regularity of which are done on a risk-based approach, with all suppliers tiered in accordance to their size and how business critical their services are to us. In June 2023 we have introduced a new supplier management tool to improve the rigour around third party management.

**Other information**

An indication of any likely future developments in the business and particulars of significant events which have occurred since the end of the financial period are included in the Strategic Report.

**Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the directors have appointed MHA MacIntyre Hudson LLP as auditors of these financial statements.

Following a rebranding exercise on 15 May 2023 the trading name of the company's independent auditor changed from MHA MacIntyre Hudson to MHA. A resolution to reappoint MHA as independent auditor will be proposed at the next Annual General Meeting

By order of the Board

**5-19 Target House**
Cowbridge Road East
Cardiff CF11 9AU
Registered number 01208137

**P.A. O'Conn**or
*Director*

16 June 2023

# STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the groups profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TARGET GROUP LIMITED

**Opinion**

We have audited the financial statements of Target Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023, which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2023 and of the group's loss for the year then ended;
- have been properly prepared in accordance United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out above, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the 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 ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the group and the parent company operates in, focusing on those laws and regulations that had a direct effect on the financial statements.
- Reviewing key correspondence with regulatory authorities such as the Financial Conduct Authority, Irish Auditing and Accounting Supervisory Authority.
- Enquiry of management to identify any instances of non-compliance with laws and regulations.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Enquiry of management around actual and potential litigation and claims.
- Enquiry of management to identify any instances of known or suspected instances of fraud.
- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing the control systems in place and testing the design and implementation of the controls.

- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias; and

- Challenging assumptions and judgements made by management in their significant accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the group and the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the group and the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Rakesh Shaunak** FCA, (Senior Statutory Auditor)

For and on behalf of MHA, Statutory Auditor

London, United Kingdom

16 June 2023

# CONSOLIDATED PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

**for the year ended 31 March 2023**

| | Note | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| | | £'000 | £'000 |
| **Turnover** | 3 | **66,268** | **76,689** |
| Cost of sales | | **(55,630)** | (59,301) |
| **Gross profit** | | **10,638** | **17,388** |
| Administrative expenses | | **(23,282)** | (22,248) |
| **Operating loss** | | **(12,644)** | **(4,860)** |
| Interest payable and similar expenses | 4 | **(190)** | (141) |
| **Loss before taxation** | 6 | **(12,834)** | **(5,001)** |
| Tax on profit | 9 | **1,038** | 2,055 |
| **Loss after taxation** | | **(11,796)** | **(2,946)** |
| Other comprehensive income | | **-** | - |
| **Total comprehensive income** | | **(11,796)** | **(2,946)** |

All results relate to continued operations.

See accompanying notes forming integral part of the financial statements.

# CONSOLIDATED BALANCE SHEET

**at 31 March 2023**

| | Note | **31 March 2023** | | 31 March 2022 | |
|---|---|---|---|---|---|
| | | **£000** | **£000** | £000 | £000 |
| **Fixed assets** | | | | | |
| Other intangibles | 10 | | **2,335** | | - |
| Tangible assets | 11 | | **2,387** | | 3,289 |
| | | | **4,722** | | **3,289** |
| **Current assets** | | | | | |
| Debtors – due within one year | 13 | **22,625** | | 25,146 | |
| Debtors – due after one year | 13 | **4,848** | | 5,724 | |
| | | **27,473** | | 30,870 | |
| Cash at bank and in hand | | **-** | | 4,339 | |
| | | **27,473** | | **35,209** | |
| **Creditors:** amounts falling due within one year | 14 | **(35,431)** | | (30,475) | |
| **Net current assets** | | | **(7,958)** | | **4,734** |
| **Total assets less current liabilities** | | | **(3,236)** | | **8,023** |
| **Creditors:** amounts falling due after more than one year | 15 | | **(1,598)** | | (2,233) |
| **Provisions for other liabilities** | 17 | | **(1,617)** | | (445) |
| **Net assets / (liabilities)** | | | **(6,451)** | | **5,345** |
| **Capital and reserves** | | | | | |
| Called up share capital | 18 | | **810** | | 810 |
| Share premium account | | | **501** | | 501 |
| Capital redemption reserve | | | **68** | | 68 |
| Profit and loss account | | | **(7,830)** | | 3,966 |
| **Shareholders' funds surplus / (deficit)** | | | **(6,451)** | | **5,345** |

The profit for the financial year dealt with in the financial statements of the parent company was £229k (2022: The profit for the financial year dealt with in the financial statements of the parent company was £1,940k).

These financial statements were approved by the Board of Directors on 16 June 2023 and were signed on its behalf by:

**P.A. O'Connor**
Director

# COMPANY BALANCE SHEET

**at 31 March 2023**

| | Note | **31 March 2023** | | 31 March 2022 | |
|---|---|---|---|---|---|
| | | **£'000** | **£'000** | £000 | £000 |
| **Fixed assets** | | | | | |
| Intangible assets | 10 | | **2,335** | | **-** |
| Tangible assets | 11 | | **1,651** | | **2,558** |
| Investment in subsidiary undertakings | 12 | | **9,000** | | **9,000** |
| | | | **12,986** | | **11,558** |
| **Current and non-current assets** | | | | | |
| Debtors – due within one year | 13 | **11,378** | | 13,204 | |
| Debtors – due after one year | 13 | **2,290** | | 2,787 | |
| | | **13,668** | | **15,991** | |
| Cash at bank and in hand | | **-** | | 4,237 | |
| | | **13,668** | | **20,228** | |
| **Creditors:** amounts falling due within one year | 14 | **(22,636)** | | (31,151) | |
| **Net current (liabilities)** | | | **(8,968)** | | **(10,923)** |
| **Total assets less current liabilities** | | | **4,018** | | **635** |
| **Creditors:** amounts falling due after more than one year | 15 | | **(43)** | | **(438)** |
| **Provisions for other liabilities** | 17 | | **(141)** | | **-** |
| **Net assets** | | | **3,834** | | **197** |
| **Capital and reserves** | | | | | |
| Called up share capital | 18 | | **810** | | **810** |
| Share premium account | | | **501** | | **501** |
| Capital redemption reserve | | | **68** | | **68** |
| Profit and loss account | | | **2,455** | | **(1,182)** |
| **Shareholders' funds** | | | **3,834** | | **197** |

The profit for the financial year dealt with in the financial statements of the parent company was £229k (2022: The profit for the financial year dealt with in the financial statements of the parent company was £1,940k).

These financial statements were approved by the Board of Directors on 16 June 2023 and were signed on its behalf by:

**P.A. O'Connor**
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**Equity attributable to equity shareholders of the Group**

| | Share capital | Share premium account | Capital redemption reserve | Profit and loss account | Total |
|---|---|---|---|---|---|
| Note | **£000** | **£000** | **£000** | **£000** | **£000** |
| Balance at 1 April 2021 | 810 | 501 | 68 | 6,912 | 8,291 |
| **Total comprehensive income for the year** | | | | | |
| Loss for the year | - | - | - | (2,946) | (2,946) |
| Balance at 31 March 2022 | **810** | **501** | **68** | **3,966** | **5,345** |
| **Total comprehensive income for the year** | | | | | |
| Loss for the year | - | - | - | (11,796) | (11,796) |
| **Balance at 31 March 2023** | **810** | **501** | **68** | **(7,830)** | **(6,451)** |

**Company Statement of Changes in Equity**

**Equity attributable to equity shareholders of the Company**

| | Share capital | Share premium account | Capital redemption reserve | Profit and loss account | Total |
|---|---|---|---|---|---|
| *Note* | £000 | £000 | £000 | £000 | £000 |
| Balance at 1 April 2021 | 810 | 501 | 68 | (3,122) | (1,743) |
| **Total comprehensive income for the year** | | | | | |
| Profit for the year | - | - | - | 1,940 | 1,940 |
| **Balance at 31 March 2022** | **810** | **501** | **68** | **(1,182)** | **197** |
| **Total comprehensive income for the year** | | | | | |
| Dividend | - | - | - | 3,408 | 3,408 |
| Profit for the year | - | - | - | 229 | 229 |
| **Balance at 31 March 2023** | **810** | **501** | **68** | **2,455** | **3,834** |

# NOTES TO THE FINANCIAL STATEMENTS

**1 Significant accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

General information and basis of accounting

Target Group Limited is a company incorporated in the United Kingdom under the Companies Act.

The Company is a private Company limited by shares and is registered in England and Wales. The address of the registered office is given above.

The nature of the group's operations and its principal activities are set out in the Directors' report and Strategic report.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The functional currency of Target Group Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling.

Target Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside these consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

The consolidated financial statements of Tech Mahindra Limited, within which this Company is included, can be obtained from the National Stock Exchange of India Ltd (NSE), The BSE Limited (BSE) and the company's website (www.techmahindra.com).

**Going concern**

The directors have considered the use of the going concern basis in the preparation of the Group and Company financial statements in light of the current financial position of the Group and Company and their related forecast cash flows. They have concluded that it is appropriate at the date of signing the financial statements.

Tech Mahindra's Investment Committee have approved an equity injection into the Group in June 2023 of £13.2m. Evidencing investment in Target Group's future and confidence in the strategic direction under the new management team's leadership. This significant injection will return the Group to a shareholder funds surplus, provides a positive cash balance and gives the Directors of the Group confidence in the Group's ability to continue as a going concern. The appropriate level of funds will flow down into the regulated entities in the Group to ensure that they are sufficiently solvent.

A new management team have been in place for over 12 months and in that time, they have made significant positive changes to both the cultural and operational structure of the business that will begin to crystalise in 2023/24 driving improved performance. An entire transformation plan has been built to turn the company's financials around. This transformation programme will significantly reduce losses in FY24 from the FY23 position, with the company returning to profitability in the foreseeable future.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these consolidated financial statements in order to assess the Group's ability to continue as a going concern

The company does not have any external debt, other than an overdraft facility, or material financing arrangements, in place

currently and as a result, in this case, the forecasts, which have been prepared for a period of at least 12 months from the balance sheet date, indicate that the company will have sufficient funds through funding from its ultimate parent company, Tech Mahindra Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Tech Mahindra Limited providing additional financial support during that period. Tech Mahindra Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and all its subsidiary undertakings made up to 31 March 2023, and previously to 31 March 2022. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

**Foreign currency**

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at the balance sheet date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign exchange differences arising on translation are recognised in the profit and loss account. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

**Business combinations**

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the company.

**Intangible assets - Goodwill**

Goodwill arising on the acquisition of subsidiary undertakings and businesses representing the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life. Provisions are made for any impairment.

Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses. The directors consider each acquisition separately for the purpose of determining the amortisation period, being the period over which the directors estimate that economic benefit will continue to be derived from the purchase as:

| | |
|---|---|
| Goodwill on consolidation arising on acquisition of subsidiary undertakings | 5 – 10 years |

**Intangible assets – research and development**

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the Group is expected to benefit. This period is between 2 and 5 years. Provisions are made for any impairment. See note 2 for further details.

**Other intangible assets**

Intangible assets acquired as part of a business acquisition are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful economic lives as follows:

| | |
|---|---|
| Customer contracts | 5 years |
| Brand | 5 years |
| Capitalised development costs | 2 to 6 years |

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date. Goodwill and other intangible assets are tested for impairment in accordance with FRS102 Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

**Tangible fixed assets**

Tangible fixed assets are stated at their historic cost, net of depreciation and any provision for impairment. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less the estimated residual value, of each asset on a straight-line basis over their estimated useful economic lives from the point they are brought into use as follows:

| | | |
|---|---|---|
| Short leasehold property | - | the term of the lease |
| Computer equipment | - | 3-7 years |
| Fixtures and fittings | - | 3-10 years |

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

**Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

**Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions, are subsequently measured at amortised cost using the effective interest method:

a. Returns to the holder are (i) a fixed amount; or (ii) a positive fixed rate of return over the life of the instrument; or (iii) a positive variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.

b. There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

c. Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.

d. There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

**Trade and other debtors / creditors**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

**Interest-bearing borrowings classified as basic financial instruments**

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

**Investments**

In the Company balance sheet, investments in subsidiaries and associates are measured at cost less impairment.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

**Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the profit and loss as described below.

**Non-financial assets**

The carrying amounts of the entity's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its Cash

Generating Unit (CGU) exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

**Financial assets**

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Interest receivable and interest payable**

Interest payable and similar charges include interest payable and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

**Turnover**

Turnover represents the amounts, excluding value added tax, derived from the provisions of solutions to third party customers. Solutions can be provided in four ways: as software licence and related service sales, under managed service contracts, under business transformation contracts and under business process outsourcing contracts.

Turnover for the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors.

**Government grants**

Government grants are accounted under the accruals model as permitted by FRS 102 and are recognised in the Profit and Loss in the same period as the related expenditure. The group has chosen to show the government grants received as other operating income.

Retirement benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**Leases**

Assets held under finance leases and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future obligations are recorded as liabilities, while the interest elements of the rental obligations are charged to the profit and loss account over the periods of the leases and to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged in the profit and loss account on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

**Provisions**

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be estimated reliably. A provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

## 2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

**Revenue recognition**

Due to the complexity of some of the Group's contracts, there are judgements to be applied, including the measurement and timing of implementation revenue recognition and the recognition of assets and liabilities that result from the performance of the contract.

**Research and development costs**

In line with FRS 102, the Group capitalises expenditure on development activities where that expenditure meets the requirements of the standard i.e. a product or process is technically and commercially feasible, the Group intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and the Group can measure reliably the expenditure attributable to the intangible asset during its development. Projects are assessed on an individual basis to determine which activities meet the eligibility criteria for capitalisation as an intangible asset. The days attributable to eligible activities based on the time recording system, together with management assessment of percentage attributable where required, are multiplied by the relevant day rate for that period and capitalised. Eligible non-staff costs are also capitalised where relevant.

There are also judgements applied to the period over which the costs will be recovered. This determines the amortisation period appropriate for the asset.

**Trade receivables recoverability**

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

**Onerous contract provision**

The group provides for any contract where the unavoidable cost of delivering our contractual obligations exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net costs of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

## 3 Turnover

Turnover by destination was UK £48,363k (2022: £60,545k) and rest of the world £17,905k (2022: £16,144k).

The table below sets out information for each of the group's industry segments:

| | **Software** | | **Services** | | **Total** | |
|---|---|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| | **£000** | £000 | **£000** | £000 | **£000** | £000 |
| **Turnover** | **24,205** | 28,468 | **42,063** | 48,221 | **66,268** | 76,689 |

## 4 Interest payable and similar expenses

| | **Year Ended31 March 2023 £000** | Year ended 31 March 2022 £000 |
|---|---|---|
| Bank interest and charges | **133** | 21 |
| Hire purchase and finance interest | **38** | 74 |
| Other finance costs | **19** | 46 |
| | **190** | 141 |

## 5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year was as follows:

| | **Number of employees** | |
|---|---|---|
| | **Year ended 31 March 2023** | Year ended 31 March 2022 |
| Technical and operational | **874** | 990 |
| Sales, marketing, management and administration | **129** | 138 |
| | **1,003** | 1,129 |

The aggregate payroll costs of these persons were as follows:

| | **Year ended 31 March 2023** | Year ended 31 March 2022 |
|---|---|---|
| | **£000** | £000 |
| Wages and salaries | **33,517** | 36,184 |
| Social security costs | **3,448** | 3,325 |
| Pension costs | **1,529** | 1,585 |
| | **38,494** | 41,093 |

**6 (Loss) / Profit before taxation**

| | **Year ended 31 March 2023** | Year ended 31 March 2022 |
|---|---|---|
| | **£000** | £000 |
| Profit before taxation is stated after charging/(crediting): | | |
| Amortisation of goodwill (note 10) | | - |
| Amortisation of other intangible assets (note 10) | **104** | 186 |
| Impairment of intangible assets | **-** | 267 |
| Depreciation (note 11) | | |
| Owned | **1,209** | 1,311 |
| Leased | **499** | 600 |
| Rentals under operating leases - property | **947** | 868 |
| Foreign exchange loss / (gain) | **18** | 47 |
| *Auditor's remuneration:* | | |
| Audit of these financial statements | **60** | 50 |
| Audit of financial statements of other group companies pursuant to legislation | **55** | 30 |

Auditor's remuneration in respect of the company was £60k *(2022: £50k)*. Audit of other group companies relates to the audit fees for the subsidiaries Target Servicing Limited, and Elderbridge Limited.

**Amortisation and impairment charge:**

The amortisation, impairment charge and impairment reversals are recognised in the following line items in the profit and loss account:

| | **2023** | 2022 |
|---|---|---|
| | **£000** | £000 |
| Administrative expenses | **102** | 453 |

## 7 Profit and loss account of parent company

As permitted by Section 408 of the Companies Act 2006, no profit and loss account or statement of other comprehensive income is presented in respect of the parent Company. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

**8 Directors' remuneration**

Emoluments of the directors were as follows:

| | **Year ended 31 March 2023** | Year ended 31 March 2022 |
|---|---|---|
| | **£000** | £000 |
| Directors' emoluments | **414** | 346 |
| Company contributions to money purchase pension scheme | **5** | 13 |
| | **419** | 359 |

The number of directors who:

| | | |
|---|---|---|
| Are members of a money purchase pension scheme | **1** | 2 |
| Had awards receivable in the form of shares under a long-term incentive scheme | **0** | 0 |

The aggregate of emoluments of the highest paid director were £167k (2022: £201k) and company pension contributions of £nil (2022: £11k) were made to a money purchase pension plan on their behalf.

## 9 Taxation

Total tax for the year comprises:

| | **Year ended 31 March 2023** | Year ended 31 March 2022 |
|---|---|---|
| | **£000** | £000 |
| ***Current tax:*** | | |
| UK Corporation tax on (loss)/profit for the year | **(1,914)** | - |
| Adjustments in respect of prior periods | **-** | 470 |
| Total current tax (credit)/charge | **(1,914)** | 470 |
| ***Deferred tax:*** | | |
| Impact of change in tax rate | **(1,151)** | (1,522) |
| Origination and reversal of timing differences | **(2,371)** | (939) |
| Adjustments in respect of prior periods | **4,398** | (64) |
| Total deferred tax (credit)/charge | **876** | (2,525) |
| Total tax (credit)/charge on (loss)/profit | **(1,038)** | (2,055) |

The tax (credit)/charge is lower (2022:lower) than the standard rate of corporation tax in the UK of 19% (2022: 19%) asexplained below:

| | **Year ended 31 March 2023** | Year ended 31 March 2022 |
|---|---|---|
| | **£000** | £000 |
| (Loss)/Profit for the year | **(11,796)** | (2,946) |
| Total tax (credit)/charge | **(1,038)** | (2,055) |
| (Loss)/Profit excluding taxation | **(12,834)** | (5,001) |
| Tax at 19% *(2022:19%)* | **(2,438)** | (950) |
| *Effects of:* | | |
| Expenses not deductible for tax purposes | **(21)** | 10 |
| Group relief surrendered | **(1,914)** | - |
| Unrecognised losses carried forward | **88** | - |
| Impact of change in tax rate | **(1,151)** | (1,522) |
| Adjustments in respect of prior periods | **4,398** | 407 |
| Total charge for the year as above | **(1,038)** | (2,055) |

The Corporation tax has increased to a rate of 25% from 1 April 2023. The deferred tax balance as at 31 March 2023 has been calculated using a rate of 25% on deferred tax losses expected to be utilised in future periods.

**10 Intangible Fixed Assets**

| Group | Development costs | Total |
|---|---|---|
| | £000 | £000 |
| ***Cost*** | | |
| At 1 April 2022 | - | - |
| Additions | 2,439 | 2,439 |
| Disposals | - | - |
| **At 31 March 2023** | **2,439** | |
| ***Amortisation*** | | |
| At 1 April 2022 | - | 2,439 |
| Charge for the year | 104 | - |
| Impairment charge | - | |
| **At 31 March 2023** | **104** | 104 |
| ***Net book value*** | | - |
| **At 31 March 2023** | **2,335** | **2,335** |
| At 31 March 2022 | - | |

| Company | Development costs | Total |
|---|---|---|
| | **£000** | **104** |
| ***Cost*** | | |
| At 1 April 2022 | - | - |
| Additions | 2,439 | 2,439 |
| Disposals | - | - |
| **At 31 March 2023** | **2,439** | 2,439 |
| ***Amortisation*** | | |
| At 1 April 2022 | - | - |
| Charge for the year | 104 | 104 |
| Impairment charge | - | |
| **At 31 March 2023** | **104** | 104 |
| ***Net book value*** | | |
| **At 31 March 2023** | **2,335** | **2,335** |
| At 31 March 2022 | - | |

Development costs relating to the design and build of core systems have been capitalised in accordance with the requirements of FRS 102 and are therefore not treated, for dividend purposes, as a realised loss. These costs are being amortised over the life of the project to which they relate on a straight-line basis, which is no more than 6 years.

**11 Tangible fixed assets**

| Group | Short leasehold property | Computer equipment | Fixtures and fittings | Total |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| ***Cost*** | | | | |
| At 1 April 2022 | 250 | 22,678 | 1,949 | 24,877 |
| Additions | - | 702 | 104 | 806 |
| Disposals | - | - | - | - |
| **At 31 March 2023** | **250** | **23,380** | **2,053** | **25,683** |
| ***Depreciation*** | | | | |
| At 1 April 2022 | 217 | 19,701 | 1,670 | 21,588 |
| Charge for the year | 7 | 1,594 | 107 | 1,708 |
| Disposals | - | - | - | - |
| **At 31 March 2023** | **224** | **21,295** | **1,777** | **23,296** |
| ***Net book value*** | | | | |
| **At 31 March 2023** | **26** | **2,085** | **276** | **2,387** |
| At 31 March 2022 | 33 | 2,977 | 279 | 3,289 |

The Group has leased IT equipment and infrastructure which are considered to meet the definition of finance leases and are accounted for accordingly.

Included in tangible fixed assets of the Group are assets held under hire purchase and finance lease agreements with a cost and net book value at 31 March 2023 of £9,250k and £838k respectively (2022: £8,850k and £931k). The associated depreciation for the period on those assets was £492k (2022:£587k).

| Company | Short leasehold property | Computer equipment | Fixtures and fittings | Total |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Cost | | | | |
| At 1 April 2022 | 180 | 16,595 | 972 | 17,747 |
| Additions | - | 400 | 40 | 440 |
| Disposals | - | - | - | - |
| **At 31 March 2023** | **180** | **16,995** | **1,012** | **18,187** |
| Depreciation | | | | |
| At 1 April 2022 | 177 | 14,128 | 884 | 15,189 |
| Charge for the year | 1 | 1,295 | 51 | 1,347 |
| Disposals | - | - | - | - |
| **At 31 March 2023** | **178** | **15,423** | **935** | **16,535** |
| Net book value | | | | |
| **At 31 March 2023** | **2** | **1,572** | **77** | **1,651** |
| At 31 March 2022 | 3 | 2,467 | 88 | 2,558 |

Included in tangible fixed assets of the Company are assets held under hire purchase and finance lease agreements with a cost and net book value at 31 March 2023 of £7,338k and £833k respectively (2022: £6,938k and £925k). The associated depreciation for the period on those assets was £492k (2022: £586k).

**12 Investment in subsidiary undertakings**

| **Company** | **2023**<br>£000 | **2022**<br>£000 |
|---|---|---|
| ***Cost*** | | |
| At 31 March 2023 and 1 April 2022 | 17,888 | 17,888 |
| Provision for investment in Harlosh Limited | (6,852) | (6,852) |
| Disposal of Target Financial Systems Limited | (2,035) | (2,035) |
| ***Net book value*** | | |
| At 31 March 2021 and 31 March 2022 | **9,000** | **9,000** |

At 31 March 2021, Harlosh Limited was not considered a going concern and a provision was recognised for the full cost of investment in Harlosh Limited. An application has been submitted to strike off the company in March 2023.

On 8 March 2022, Target Financial Systems Limited was liquidated. The net book value of the investment in Target Financial Systems Limited was eliminated.

The directors assessed the carrying value of the company's investment in other subsidiaries at year-end and are of the opinion that they are not worth less than the carrying value in the financial statements.

The company's wholly owned subsidiaries at 31 March 2023 were:

| | **Country of incorporation** | **Principal activity** | **Class of shares** | **Percentage ownership** |
|---|---|---|---|---|
| ***Subsidiary undertakings*** | | | | |
| Target Servicing Limited | UK | Provision of business process outsourced services | Ordinary | 100% |
| Harlosh Limited (application to strike off submitted in Mar 23) | UK | Provision of computer applications software and related services | Ordinary | 100% |
| Elderbridge Limited | UK | Lender of record for loan portfolios | Ordinary | 100% |

The registered office of all subsidiary companies is Target House, Cowbridge Road East, Cardiff, CF11 9AU and the individual results of each entity have been included in these consolidated financial statements.

**13 Debtors**

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **£000** | £000 | **£000** | £000 |
| Trade debtors | **7,236** | 7,528 | **1,603** | 3,238 |
| Gross amount due from customers for contract work | **5,942** | 7,666 | **1,113** | 4,994 |
| Other debtors | **681** | 27 | **303** | 5 |
| Prepayments and accrued income | **3,603** | 3,369 | **1,498** | 1,569 |
| Deferred tax asset (note 16) ** | **4,848** | 5,724 | **2.290** | 2,787 |
| Corporation Tax | **-** | 644 | **-** | 958 |
| Amounts due from group undertakings | **5,163** | 5,912 | **6,861** | 2,440 |
| | **27,473** | 30,870 | **13,668** | 15,991 |

** Included in the above figures are the following amounts due after more than one year:

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **£000** | £000 | **£000** | £000 |
| Deferred tax asset (note 16) | **4,848** | 5,724 | **2.290** | 2,787 |
| | **4,848** | 5,724 | **2.290** | 2,787 |

**14 Creditors: amounts falling due within one year**

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **£000** | £000 | **£000** | £000 |
| Obligations under finance leases | **886** | 831 | **886** | 831 |
| Trade creditors | **1,058** | 2,826 | **546** | 2,198 |
| Other taxes and social security costs | **5,570** | 1,345 | **936** | (323) |
| Other creditors | **2,082** | 414 | **710** | 385 |
| Accruals and deferred income | **10,556** | 9,403 | **9,125** | 6,077 |
| Corporation Tax | **731** | - | **418** | - |
| Bank overdraft facility | **1,974** | - | **1,979** | - |
| Amounts due to group undertakings | **12,574** | 15,656 | **8,036** | 21,983 |
| | **35,431** | 30,475 | **22,636** | 31,151 |

**15 Creditors: amounts falling due after more than one year**

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **£000** | £000 | **£000** | £000 |
| Obligations under finance leases (amounts payable in the second to fifth years inclusive) | **43** | 438 | **43** | 438 |
| Accruals and deferred income | **1,555** | 1,795 | **-** | **-** |
| | **1,598** | 2,233 | **43** | 438 |

**16 Deferred taxation**

| | Group | | Company | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **£000** | £000 | **£000** | £000 |
| At beginning of year - asset | **5,724** | 3,198 | **2,787** | 1378 |
| (Charge) / credit for the year in the P&L account | **(876)** | 2,526 | **(497)** | 1,409 |
| **At end of year – asset (note 14)** | **4,848** | 5,724 | **2,290** | 2,787 |

| | | Group | | Group |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | **£000** | £000 | **£000** | £000 |
| ***The deferred tax asset comprises*** | | | | |
| Tax losses carried forward | **3,853** | 5,054 | **1,665** | 2,300 |
| Other timing differences | **995** | 670 | **625** | 487 |
| | **4,848** | 5,724 | **2,290** | 2,787 |

A further deferred tax asset of £1,684k (2022: £54k) for the group and £54k (2022: £54k) for the company has not been recognised due to uncertainty over its future utilisation. Management have performed a thorough review of future profits against which future losses can be utilised. A decision has been made to surrender FY22 and element of FY23 losses to the wider tax group. Target have not recognised a DTA related to the remainder of the FY23 losses. It is made up as follows:

| | **2023** | 2022 | **2023** | 2022 |
|---|---|---|---|---|
| | **£000** | £000 | **£000** | £000 |
| ***The unprovided deferred tax asset comprises*** | | | | |
| Tax losses carried forward | **1,684** | 54 | **54** | 54 |
| | **1,684** | 54 | **54** | 54 |

**17 Provision for liabilities**

The group had the following provisions during the year:

| | **Onerous contract provision** | **Other** | **Total** |
|---|---|---|---|
| | **£000** | **£000** | **£000** |
| As at 1 April 2022 | (445) | - | (445) |
| (Charge) / credit for the year in the P&L account | (1,031) | (141) | (1,172) |
| **As at 31 March 2023** | **(1,476)** | **(141)** | **(1,617)** |

**Onerous contract provision**

The group provides for any contract where the unavoidable cost of delivering our contractual obligations exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net costs of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

**Contingent liability**

Elderbridge Limited and Target Servicing Limited (subsidiary companies of Target Group Limited) are regulated by the Financial Conduct Authority (FCA) designed to protect the rights of consumers. A review of compliance with FCA regulation requirements, policies and procedures and / or customer loan terms and conditions in underway to identify whether there have been areas of potential non-compliance. At this stage there is a high level of uncertainty involved in the matter and it is not possible to reliably estimate any liability.

**Company**

Other provisions referenced above have been fully recognised in the Target Group Limited accounts.

**18 Share capital**

| | **Ordinary shares of 5p each** | **'A' shares of 5p each** | **'B' shares of 5p each** | **Total** |
|---|---|---|---|---|
| | **Number** | **Number** | **Number** | **Number** |
| ***Allotted, called up and fully paid*** | | | | |
| At 31 March 2022 and 31 March 2023 | **11,557,417** | **1,476,287** | **3,161,200** | **16,194,904** |

| | **Ordinary Shares of 5p each** | **'A' Shares of 5p each** | **'B' Shares of 5p each** | **Total** |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| ***Allotted, called up and fully paid*** | | | | |
| At 31 March 2022 and 31 March 2023 | **578** | **74** | **158** | **810** |

Both the ‘A’ and ‘B’ shares carry no right to vote at, attend or receive notice of general meetings of the company. They have rights to income or capital only on a sale of the business for a value above specific defined thresholds.

The Group and Company’s other reserves are as follows:.

The share premium reserve contains the premium arising on issue of equity shares.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

The capital redemption reserve is a statutory, non-distributable reserve into which amounts are transferred following the redemption or purchase of a company’s own shares.

**19 Financial instruments**

The carrying values of the Group and Company’s financial assets and liabilities are summarised by category below:

| | Group | | Company | |
|---|---|---|---|---|
| **Financial assets** | **2023** | 2022 | **2023** | 2022 |
| | **Total** | Total | **Total** | Total |
| | £000 | £000 | £000 | £000 |
| Measured at undiscounted amount receivable | | | | |
| Amounts due from customers (see note 13) | **13,215** | 18,762 | **2,715** | 8,232 |
| Amounts due from related undertakings (see note 13) | **5,163** | 2,344 | **6,861** | 2,440 |
| Other amounts | **9,095** | 9,764 | **4,092** | 5,319 |
| | **27,473** | **30,870** | **13,668** | **15,991** |

| | Group | | Company | |
|---|---|---|---|---|
| **Financial liabilities** | **2023 Total** | 2022 Total | **2023 Total** | 2022 Total |
| | £000 | £000 | £000 | £000 |
| Measured at amortised cost | | | | |
| Finance lease liabilities (see notes 14 & 15) | **929** | 1,269 | **929** | 1,269 |
| Measured at undiscounted amount payable | | | | |
| Trade and other creditors | **23,526** | 15,783 | **13,713** | 8,338 |
| Amounts owed to related undertakings | **12,574** | 15,656 | **8,037** | 21,983 |
| | **37,029** | 32,708 | **22,679** | 31,590 |

The Group’s income, expense, gains and losses in respect of financial instruments are summarised below:

| | Group | |
|---|---|---|
| **Financial assets** | **2023** | 2022 |
| | **Total** | Total |
| **Interest income and expense** | **£000** | £000 |
| Total interest income for financial assets at amortised cost | **-** | - |
| Total interest expense for financial liabilities at amortised cost | **38** | 74 |

The interest expense includes no interest (2022: none) that was recognised within cost of sales in Target Group Limited. The remainder relates to bank and other finance costs (note 4).

### 20 Dividend

No dividends were declared during the year (2022: £nil). A dividend of £3,408,378 was received from Harlosh Limited to Target Group Limited during the year.

### 21 Commitments

Group capital commitments authorised and contracted at 31 March 2023 were £nil (2022: £nil).

Group total future minimum lease payments under non-cancellable operating leases are as follows:

| | **2023** | 2022 |
|---|---|---|
| | **Total** | Total |
| | £000 | **£000** |
| **Group:** | | |
| In the first year | **856** | 939 |
| Between one and five years | **2,483** | 2,660 |
| After five years | **1,461** | 2,080 |
| | **4,800** | 5,679 |

Total future minimum lease payments under non-cancellable finance leases are as follows:

| | **2023** | 2022 |
|---|---|---|
| | £000 | **£000** |
| **Company only:** | | |
| In the first year | **412** | 445 |
| ` Between one and five years | **939** | 1,079 |
| After five years | **584** | - |
| | **1,935** | **1,524** |

Annual commitments at 31 March 2023 relate to property leases. The majority of leases of land and buildings are subject to rent reviews.

The company had no capital commitments or annual commitments at the year-end (2022: £nil).

### 22 Pensions

The assets of the pension schemes to which the group contributes on behalf of its employees are held within independently administered funds. The schemes are all defined contribution schemes thus the group's obligation is solely to make contributions based on a percentage of salary. Employer contributions to the schemes for the year amounted to £1,517k (2022: £1,585k ). The pension liability of the group at the year end was £285k (2022: £266k).

### 23 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| | £000 | £000 | £000 | £000 |
| **Creditors falling due after more than one year** | | | | |
| Finance lease liabilities (see note 15) | **43** | 438 | **43** | 438 |
| **Creditors falling due within less than one year** | | | | |
| Finance lease liabilities (see note 14) | **886** | 831 | **886** | 831 |

**Terms and debt repayment schedule**

| Group | Currency | Nominal interest rate | Year of maturity | Repayment schedule | 2023 | 2022 |
|---|---|---|---|---|---|---|
| | | | | | **£000** | £000 |
| Finance lease liabilities | GBP | 6% | 2019 – 2024 | Quarterly | **886** | 831 |

| Company | Currency | Nominal interest rate | Year of maturity | Repayment schedule | 2023 | 2022 |
|---|---|---|---|---|---|---|
| | | | | | **£000** | £000 |
| Finance lease liabilities | GBP | 6% | 2019 – 2024 | Quarterly | **886** | 831 |

**24 Related party transaction**

The group has taken advantage of exemptions available in FRS 102 from disclosing related party transactions with other companies that are wholly owned within the Tech Mahindra Limited group.

**25 Events after the reporting period end**

Target Group is a wholly owned subsidiary of Tech Mahindra Fintech Holdings Limited, with the ultimate parent company of Tech Mahindra Limited. Tech Mahindra Fintech Holdings Limited have completed an equity injection into the Group in June 2023 of £13.2m. This evidences Tech Mahindra's investment in Target Group's future and confidence in the strategic direction under the new management team's leadership. This significant injection will return the Group to a shareholder funds surplus, provides a positive cash balance and gives the Directors of the Group confidence in the Group's ability to continue as a going concern. The appropriate level of funds will flow down into the regulated entities in the Group to ensure that they are sufficiently solvent.

**26 Ultimate controlling party**

The immediate parent company is Tech Mahindra Fintech Holdings Limited, a company incorporated in Great Britain and registered in England and Wales, with a registered office at 401 Grafton Gate, Milton Keynes, MK9 1AQ.

The ultimate parent company and largest group in which the results of the company are consolidated is Tech Mahindra Limited. The consolidated financial statements of Tech Mahindra Limited are available to the public on the National Stock Exchange of India Ltd (NSE), The BSE Limited (BSE) and the company's website (www.techmahindra.com). Tech Mahindra Limited is also the ultimate parent company and its registered office is Gateway Building, Apollo Bunder, Mumbai – 400001, India.

# TECH MAHINDRA SPAIN S.L.

**Unaudited Financial Statements for the year ended 31st March 2023**

**Directors**

Mrs. Arregui Saez Idoya

Mr.Mandar Vasant Bhairavkar

Mr. Venkateswara Rao Gajjala – from 19th September 2022

Mr. Belavadi Krishna Rao Sathisha – up to 19th September 2022

**Registered office**

C/ Estrella Denebola 8 Planta 2 28045 Madrid

**Bankers**

BNP PARIBAS S.A. SUCURSAL EN ESPANA

# LIST OF ANNUAL ACCOUNTS BALANCE SHEET

**Financial,year:,2022-2023,(Euro)**

**Assets**

| | | |
|---|---|---|
| **A)** | **NON-CURRENT ASSETS** | 0,00 |
| **B)** | **CURRENT ASSETS.** | 27.844,71 |
| | II. Trade and other accounts receivable | 3.277,53 |
| | III. Other debtors | 3.277,53 |
| | 470INLAND REVENUE, DEBTOR | 3.277,53 |
| | VI. Cash and cash equivalents | 24.567,18 |
| | 572 BANKS AND CREDIT INSTIT. CREDIT | 24.567,18 |
| | **TOTAL ASSETS (A+B)** | **27.844,71** |

| | | |
|---|---|---|
| **A)** | **NET ASSETS** | **31.348,74-** |
| **A-1)** | **Own funds** | 31.348,74- |
| | I. Capital | 18.000,00 |
| | 1. Registered capital | 18.000,00 |
| | 100SHARE CAPITAL | 18.000,00 |
| | V. Results of previous years | 36.282,25- |
| | 121RESULTS NEG. FROM FINANCIAL YEARS | 36.282,25- |
| | **VII. Result for the year.** | **13.066,49-** |
| **B)** | **NON-CURRENT LIABILITIES** | 0,00 |
| **C)** | **CURRENT LIABILITIES** | **59.193,45** |
| | II. Short-term debts. | 56.296,45 |
| | III. Other short-term debts | 56.296,45 |
| | 190 SHARES OR PARTICIPATIONS | 56,50- |
| | 194 ISSUED CAPITAL OUTSTANDING D | 29.938,50 |
| | 551 C/A WITH PARTNERS AND ADMINISTRATORS | 30.014,38 |
| | 555 ITEMS TO BE IMPLEMENTED | 3.599,93- |
| | IV. Trade and other accounts payable | 2.897,00 |
| | V. Other creditors | 2.897,00 |
| | 410 CREDITORS FOR THE PROVISION OF SERVICES | 2.858,44 |
| | 475 HAC. PUB. ACCREDITING BY | 38,56 |
| | **TOTAL EQUITY AND LIABILITIES** | **27.844,71** |

Madrid, June 15, 2023

**Dª. IDOYA ARREGUI SAEZ**
Solidarity Administrator of
TECH MAHINDRA SPAIN S.L.

# LIST OF ANNUAL ACCOUNTS - PROFIT AND LOSS

**Financial year: 2022-2023, (Euro)**

| | (Debit) credit |
|---|---|
| 4. Procurement | 131,11- |
| 607WORK CARRIED OUT BY OTHER COMPANIES | 131,11- |
| 7. Other operating expenses. | 12.935,38- |
| 623 SERVICES OF INDEPENDENT PROFESSIONALS. | 12.898,81- |
| 624 TRANSPORT | 11,07- |
| 626 BANKING AND SIMILAR SERVICES | 25,50- |
| A) OPERATING RESULT (1+2+3+3+4+5+5+6+6+7+7+ 8+9+9+10+11+12) | 13.066,49- |
| (C) PROFIT BEFORE TAX (A+B) | 13.066,49- |
| **D. RESULT FOR THE FINANCIAL YEAR (C + 19)** | **13.066,49-** |

Madrid, June 15, 2023

**Dª. IDOYA ARREGUI SAEZ**
Solidarity Administrator of
TECH MAHINDRA SPAIN S.L.

# TECH MAHINDRA FRANCE SAS

**Unaudited Financia Statements For the year ended 31st March 2023**

**Directors**

Mr. Ly Cong Trinh Philippe

Mr. Venkata Gajjala - from 27th September 2022

Mr. Sathisha Belavadi Krishna - up to 1st August 2022

**Registered office**

1 Place de la Pyramide - Tour

Atlantique - 92800 PUTEAUX

**Bankers**

Citibank Europe Plc

21-25 rue Balzac, 75406, Paris CEDEX 08 France

# STATUTORY AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS

**For the year ended 31 March 2023**

This is a translation into English of the statutory auditor’s report on the financial statements of the French Company and it is provided solely for the convenience of English speaking users.

This statutory auditor’s report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the sole shareholder of Tech Mahindra France,

**Opinion**

In compliance with the engagement entrusted to us by the Sole Shareholder, we have audited the accompanying financial statements of Tech Mahindra France for the year ended 31 March 2023.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 March 2023 and of the results of its operations for the year then ended in accordance with French accounting principles.

As your company was not previously required to appoint an auditor, the financial statements for the year ended 31 March 2022 have not been certified.

**Basis for Opinion**

**Audit Framework**

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the “Statutory Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report.

Independence

We conducted our audit engagement in compliance with independence rules provided for by the French Commercial Code and by the French Code of ethics for statutory auditors, for the period from 1st April 2022 to the date of issue of our report.

**Justification of Assessments**

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the Commercial Code relating to the justification of our assessments, we inform you that the most important assessments we have made, in our professional judgment, have been on the appropriateness of the accounting principles applied, on the reasonableness of the significant estimates used and on the presentation overall accounts.

These assessments were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the financial statements.

**Specific verifications**

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the documents on the financial position and the annual accounts addressed to the sole shareholder.

We certify the fairness and consistency with the financial statements of the information relating to the payment periods mentioned in Article D. 441-6 of the French Commercial Code.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and the fair presentation of the financial statements in accordance with French accounting principles as well as for the implementation of the internal control that management considers necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company' s ability to continue its activities as a going concern, for disclosing in the financial statements (if applicable) the necessary information related to going concern, and for using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the President.

**Statutory Auditor's Responsibilities for the Audit of the Financial Statements**

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in the Article L.823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit. Furthermore, the statutory auditor:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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;

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as the related disclosures provided in the financial statements;

- Assesses 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. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Paris, 6 June 2023

The Statutory auditor

Aca Nexia represented
by Laurence Cazebonne

# MISSION REPORT

In accordance with the terms of our engagement letter, we carried out a mission to present the annual accounts of the company TECH MAHINDRA FRANCE SAS relating to the financial year ended 03/31/2023, which are characterized by the following data:

| | | |
|---|---|---|
| Total assets | 13 997 753 | Euros |
| Turnover | 32 317 548 | Euros |
| Accounting net income | 401 244 | Euros |

Our due diligence was carried out in accordance with the professional standard of the Higher Council of the Order of Chartered Accountants applicable to the mission of presenting the accounts, which does not constitute either an audit or a limited examination.

Based on our work, we have not identified any elements calling into question the consistency and plausibility of the annual accounts taken as a whole as they are attached to this certificate.

Made in Paris

On 06/06/2023

# BALANCE SHEET AS AT ENDED

Currency EUR

| **Balance Sheet as at ended** | **31-Mar-23** | Depr.& prov. | **31-Mar-23** | 31-Mar-22 |
|---|---|---|---|---|
| **Uncalled capital (0)** | **-** | | | |
| **Fixed assets** | | | | |
| Preliminary expenses | | | | |
| Research and development expenses | | | | |
| Concessions, patents and similar rights | | | | |
| Goodwill | | | | |
| Other intangible fixed assets | | | | |
| Advances and prepayments on intangible fixed assets | | | | |
| Land | | | | |
| Buildings | | | | |
| Industrial fixtures, fittings, plant machinery and equipment | **57,904** | 9,102 | **48,802** | 27,049 |
| Other tangible fixed assets | **723,294** | 128,471 | **594,823** | 159,291 |
| Fixed assets in Progress | **5** | | **5** | 812,864 |
| Advances and prepayments | | | | |
| Long-term investments by "equivalence method" | | | | |
| Other interest ownership | | | | |
| Receivables related to interest ownership | | | | |
| Capitalized securities | | | | |
| Loans | | | | |
| Other fixed assets | **32,473** | | **32,473** | 132,860 |
| **TOTAL (I)** | **813,676** | 137,573 | **676,103** | 1,132,064 |
| Current assets | | | | |
| Raw materials and supplies | | | | |
| Work in progress of goods | | | | |
| Work in progress of services | | | | |
| Semi-finished and finished goods | | | | |
| Goods held for resale | | | | |
| Advances and down-payments to suppliers | **472,294** | | **472,294** | |
| Trade and related accounts | **8,152,755** | 95,424 | **8,057,331** | 4,458,390 |
| Other receivables | | | | |
| Debtors suppliers | | | | |
| Staff | **56,920** | | **56,920** | |
| Payroll taxes | | | **-** | |
| State, profit tax | **281,509** | | **281,509** | |
| State, turnover tax | **938** | | **938** | 683,226 |
| Other | **1,725,170** | | **1,725,170** | |
| Called but unpaid capital | | | | |
| Investment securities | | | | |
| Cash Instruments | | | **-** | 8,825,133 |
| Cash | **2,727,488** | | **2,727,488** | 611,166 |
| Prepaid expenses | | | | |
| **TOTAL (II)** | **13,417,074** | 95,424 | **13,321,650** | 14,577,915 |
| Charges to be spread over several periods (III) | | | | |
| Premium for redemption of bonds (IV) | | | | |
| Unrealized exchange losses (V) | | | | |
| **Total Assets** | **14,230,749** | 232,997 | **13,997,753** | 15,709,979 |

| | | | | |
|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | |
| **Shareholders' equity** | | | | |
| Share capital ( paid-up capital : 99 000 ) | | | **99,000** | 99,000 |
| Premiums arising from shares issues, from merger | | | **703,968** | 703,968 |
| Revaluation | | | | |
| Legal reserve | | | | |
| Statutory reserve | | | | |
| Regulated reserves | | | | |
| Other reserves | | | | |
| Retained (profits / losses) brought forward merger | | | **227,922** | (5,359) |
| **Net income or loss of the tax year** | | | **401,244** | 232,615 |
| Subsidies of investment | | | | |
| Regulated provisions | | | | |
| **Total (I)** | **-** | - | **1,432,134** | 1,030,224 |
| Proceeds from the issuance of "participating titles" | | | | |
| Conditional advances | | | | |
| **TOTAL(II)** | **-** | - | **-** | - |
| **Provisions for liabilities and charges** | | | | |
| Reserves for contingencies | | | | - |
| Provisions for charges | | | **-** | - |
| **TOTAL(III)** | **-** | - | **-** | - |
| **Loans and debts** | | | | |
| Convertible debenture loans | | | | |
| Other debenture loans | | | | |
| Bank borrowing and bank overdrafts | | | | |
| Bank borrowing | | | | |
| Bank overdrafts | | | | |
| **Other financial borrowing and debts** | | | | |
| Miscellaneous | | | | |
| Partners | | | **25,690** | |
| Advances and down-payments for work in progress | | | | |
| Trade notes and related accounts payable | | | **10,174,306** | 12,350,266 |
| **Tax payable and social liabilities** | | | | |
| Staff | | | **1,189,672** | 1,263,176 |
| Payroll taxes | | | **442,788** | 538,115 |
| State, profit tax | | | **248,405** | 136,036 |
| State, turnover tax | | | **373,765** | 88,588 |
| State, guaranteed bonds | | | **12,145** | - |
| Other taxes | | | **45,186** | 72,447 |
| Prepaid income | | | **53,662** | 231,127 |
| **TOTAL(IV)** | **-** | - | **12,565,619** | 14,679,755 |
| **Unrealized exchange gains (V)** | | | | |
| **TOTAL LIABILITIES (I à V)** | **-** | - | **13,997,753** | 15,709,979 |

**Venkata Gajjala**
Director

Place: Hyderabad
Date: 5-June-2023

# INCOME STATEMENT

| INCOME STATEMENT | | | | | Currency EUR | Currency EUR |
|---|---|---|---|---|---|---|
| | | | **Current year 31/03/2023 (12 months)** | **Past year 31/03/2022 (12 months)** | **Variation Obsolute (12/12)** | **%** |
| | **France** | **Export** | **Total** | **31-Mar-22** | **Variation** | **Variation** |
| Sales of goods | | | **-** | - | - | - |
| Sales of manufactured goods | | | **-** | - | - | - |
| Sales of manufactured services | 13,974,617 | 18,342,931 | **32,317,548** | 19,940,888 | 12,376,660 | 62.07% |
| **Net turnover** | 13,974,617 | 18,342,931 | **32,317,548** | 19,940,888 | 12,376,660 | - |
| Stored production | | | | | - | - |
| Capitalized production | | | | | - | - |
| Operating subsidies | | | | | - | - |
| Recaptures on deprecations and reserves, expense transfer | | | | | - | - |
| Other operating income | | | **13,521** | 31,684 | (18,163) | -57.33% |
| **Total operating income** | | | **32,331,069** | 19,972,572 | 12,358,497 | 61.88% |
| Purchase of goods (including customs duties) | | | | | | |
| Variation on inventory (goods) | | | | - | - | - |
| Purchase of raw materials and other supplies (including customs duties) | | | | - | - | - |
| Variation in inventory (raw materials and supplies) | | | | | - | - |
| Other purchases and external expenses | | | **20,619,233** | 8,391,225 | 12,228,008 | 145.72% |
| Taxes and assimilated payments | | | **90,496** | 235,876 | (145,380) | -61.63% |
| Salaries and wages expenses | | | **7,087,369** | 7,095,986 | (8,617) | -0.12% |
| Social security expenses | | | **3,462,705** | 2,218,874 | 1,243,831 | 56.06% |
| Operating allowances on fixed assets : depreciation allowances | | | **137,572** | 231,127 | (93,555) | -40.48% |
| Operating allowances on fixed assets : reserve allowances | | | | - | - | - |
| Operating allowances on current assets : reserve allowances | | | **95,425** | - | - | N/S |
| Operating allowances for contingencies : reserve allowances | | | | - | - | - |
| Other expenses | | | **3,880** | 1,260,372 | (1,256,492) | -99.69% |
| **Total operating expenses** | - | - | **31,496,681** | 19,433,460 | 12,063,221 | 62.07% |
| **OPERATING RESULT** | - | | **834,388** | 539,112 | 295,276 | 54.77% |
| Attributed income or transfered loss | | | | - | - | - |
| Suffered loss or transfered profit | | | | | - | - |
| Financial income from interest ownership | | | | | - | - |

| | | | | | |
|---|---|---|---|---|---|
| Other holdings and capitalized receivables | | | | - | - |
| Other interest and assimilated income | | | | - | - |
| Recaptures on provisions and expense transfer | | | | - | - |
| Profits on foreign exchange | | **246,752** | | 246,752 | N/S |
| Net gains on sales of portfolio securities | | | | - | - |
| **Total financial income** | - | **246,752** | - | 246,752 | N/S |
| Financial allowances for depreciations and provisions | | | | - | - |
| Interests and assimilated expenses | | **58,986** | 2,869 | 56,117 | N/S |
| Loss on foreign exchange | | **428,682** | | 428,682 | N/S |
| Net loss on sales of portfolio securities | | | | - | - |
| **Total financial expenses** | | **487,668** | 2,869 | 484,799 | N/S |
| **FINANCIAL RESULT** | | **(240,917)** | (2,869) | (238,048) | N/S |
| Ordinary result before tax | | **593,472** | 536,243 | 57,229 | 10.67% |
| Extraordinary operating gains | | | - | - | - |
| Extraordinary capital gains | | | - | - | - |
| Recaptures on reserves and expense transfers | | | | | |
| Total extraordinary income | | **-** | - | - | - |
| Extraordinary operating losses | | | | - | - |
| Extraordinary capital losses | | | | - | - |
| Depreciation and reserve extraordinary allowances | | | | - | - |
| Total extraordinary expenses | | **-** | - | - | - |
| EXTRAORDINARY RESULT | | **-** | - | - | - |
| Profit sharing scheme | | **84,578** | 162,873 | (78,295) | -48.07% |
| Income tax | | **107,650** | 140,755 | (33,105) | -23.52% |
| **Total Income** | | **32,577,821** | 19,972,572 | 12,605,249 | 63.11% |
| **Total Expense** | | **32,176,577** | 19,739,957 | 12,436,620 | 63.00% |
| **NET RESULT** | | **401,244** | 232,615 | 168,629 | 72.49% |
| | | **Profit** | loss | | |

**Venkata Gajjala**
Director

Place: Hyderabad

Date: 5-June-2023

# COMPOSITION OF SHARE CAPITAL

| | Number | Nominal value |
|---|---|---|
| shares making up share capitak at the beginning of Financial year | 99000 | 1 |
| Shares issued during the year | | |
| Shares redeemed during the year | | |
| shares making up share capitak at the end of Financial year | 99000 | 1 |

**Beneficiary Shares**

| Value | Number |
|---|---|
| Tech Mahindra Limited(TML) | 99000 |

# APPENDIX

**PREAMBLE**

The balance sheet before distribution for the year ended 31/03/2023 totalling €13,997,752.76 and the profit and loss account for the year showing a profit of €401,243.69, presented in the form of a list.

The financial year runs for 12 months, from 01/04/2022 to 31/03/2023. The following notes and tables form an integral part of the financial statements.

The previous financial year ran for 12 months, from 01/04/2021 to 31/03/2022.

**KEY EVENTS OF THE YEAR**

We have not identified any significant matters that should be disclosed in the notes to the financial statements.

However, it should be remembered that the financial year ending 31 March 2023, which corresponds to the increase in the company's activity and the appointment of a statutory auditor, has led to changes in the transfer and correspondence of the chart of accounts to the French chart of accounts.

# ACCOUNTING RULES AND METHODS

## GENERAL RULES

The financial statements for the year ended 31 March 2023 have been prepared in accordance with the provisions of the French Commercial Code (articles L123-12 to L123-28), ANC regulation no. 2014-03 of 05/06/2014 as amended by ANC regulation no. 2016-07 of 26/12/2016 and the regulations of the French Accounting Regulations Committee (Comité de la Réglementation Comptable - CRC).

The financial statements for the year ended 31/03/2023 have been prepared in accordance with the accounting standards of the French Plan Comptable Général (PCG) approved by the ministerial order of 22 June 1999, by law no. 83-353 of 30 April 1983 and by decree no. 83-1020 of 29 November 1983, and in accordance with French accounting standards: 2000-06 and 2003-07 concerning liabilities, 2002-10 concerning impairment of assets, and 2004-06 concerning the definition, recording and valuation of assets.

The accounting rules have been applied in accordance with the principles of prudence and the underlying assumptions:

- going concern,
- consistency of accounting methods over the years,
- independence of exercises,

And in accordance with the general rules governing the preparation and presentation of annual financial statements.

The basic method used to value items recorded in the accounts is the historical cost method. The main methods used are as follows:

## INTANGIBLE AND TANGIBLE FIXED ASSETS

Property, plant and equipment are valued at acquisition or production cost, taking into account any costs incurred in bringing the assets to their working condition, and after deduction of trade discounts, rebates and cash discounts.

The following decisions have been taken with regard to the presentation of the annual accounts:

- decomposable fixed assets: the company has not been able to define decomposable fixed assets, or the decomposition of these assets does not have a material impact,

- Non-decomposable fixed assets: the company has opted to maintain the useful lives for depreciating non-decomposable assets.

Interest on borrowings specific to the production of fixed assets is not included in the production cost of these assets. Depreciation is calculated using the straight-line or declining-balance method, depending on the expected useful life of the asset.

| | |
|---|---|
| Computer software | from 01 to 03 years |
| Industrial machinery and equipment | 05 years old |
| Fixtures and fittings | from 06 to 10 years |
| Office and computer equipment | from 03 to 10 years |
| Furniture | from 05 to 10 years |

## RECEIVABLES AND PAYABLES

Receivables and payables are valued at their nominal value. An impairment loss is recognised when the book value falls below the inventory value.

Receivables and payables denominated in foreign currencies are translated in the balance sheet at the exchange rate ruling at the balance sheet date. Only unrealised exchange losses are provided for.

## FOREIGN CURRENCY TRANSACTIONS

Income and expenses in foreign currencies are recorded at their equivalent value on the transaction date.

Payables, receivables and cash denominated in foreign currencies are stated in the balance sheet at the year-end exchange rate.

The difference resulting from the discounting of debts and receivables in foreign currencies at the latter rate is recorded in the balance sheet as a “translation adjustment”. Unrealised foreign exchange losses are provided for in full.

**PARTICIPATION**

Employee profit-sharing amounts to €84,578. This amount is t h e result of a calculation based on a legal formula.

**POST-BALANCE SHEET EVENTS**

No post balance sheet events are likely to be disclosed in the notes to the financial statements.

**CHANGES IN METHOD**

There have been no changes in the methods used to value and present the financial statements.

**OTHER**

To date, the war in Ukraine has had no direct impact on the company’s business.

# STATEMENT OF FIXED ASSETS

| | Gross value of fixed assets at beginning of year exercise | Increases | |
|---|---|---|---|
| | | Revaluation during the year | Acquisitions, creations, transfers pst to pst |
| Start-up, research and development costs | | | |
| Other intangible assets | 41,379 | | |
| Land | | | |
| Buildings on own land | | | |
| Buildings on third-party land | | | |
| Building fixtures and fittings | | | |
| Plant, machinery and equipment manufacturers | 123,888 | | |
| Other installations, fixtures and fittings | 71,505 | | 218,214 |
| Transport equipment | | | |
| Office equipment, IT equipment and furniture | 790,132 | | |
| Returnable packaging | | | |
| Assets under construction | 812,864 | | 5 |
| Advance payments | | | |
| **TOTAL** | **1,798,390** | | **218,219** |
| Investments accounted for by the equity method Other investments | | | |
| Other long-term investments | | | |
| Loans and other non-current financial assets | 132,860 | | |
| **TOTAL** | 132,860 | | |
| **GENERAL TOTAL** | 1,972,629 | | 218,219 |

| | Decreases | | Gross value fixed assets at end of year | Rev. Leg. Val. Origin at year-end |
|---|---|---|---|---|
| | By transfer from pst to pst | By sale or disposal | | |
| Start-up, research and development costs | | | | |
| Other intangible assets | | 41,379 | | |
| Land | | | | |
| Buildings on own land | | | | |
| Buildings on third-party land | | | | |
| Building fixtures and fittings | | | | |
| Plant, machinery and equipment manufacturers | | 65,985 | 57,904 | |
| Other installations, fixtures and fittings | | | 289,720 | |
| Transport equipment | | | | |
| Office equipment, IT equipment and furniture | | 356,558 | 433,574 | |
| Returnable packaging | | | | |
| Assets under construction | | 812,864 | 5 | |
| Advance payments | | | | |
| **TOTAL** | | 1,235,407 | 781,202 | |
| Investments accounted for by the equity method Other investments | | | 57,904 | |
| Other long-term investments | | | 289,720 | |
| Loans and other non-current financial assets | | 100,387 | 32,473 | |
| **TOTAL** | | 100,387 | 32,473 | |
| **GENERAL TOTAL** | | 1,377,173 | 813,676 | |

# STATEMENT OF DEPRECIATION

| | Situations and movements during the year | | | |
|---|---|---|---|---|
| | Start of financial year | Charges for the year | Items removed reversed | End of financial year |
| Start-up costs, research | 41,379 | | 41,379 | |
| Other intangible assets | | | | |
| Land | | | | |
| Buildings on own land<br>Buildings on third-party land<br>Building fixtures and fittings | | | | |
| Plant, machinery and equipment manufacturers | 96,840 | 9,102 | 96,840 | 9,102 |
| Other installations, fixtures and fittings<br>Transport equipment | 37,196 | 24,434 | 37,196 | 24,434 |
| Office equipment, IT equipment and furniture | 665,150 | 104,037 | 665,150 | 104,037 |
| Returnable packaging | | | | |
| **TOTAL** | **799,186** | **137,573** | **799,186** | **137,573** |
| **GENERAL TOTAL** | **840,565** | **137,573** | **840,565** | **137,573** |

| | Breakdown of depreciation for t h e year | | | Movements affecting the provision for impairment | |
|---|---|---|---|---|---|
| | Linear | Declining balance | Exception. | Endowments | Trade-ins |
| Start-up,research and development costs | | | | | |
| Other intangible assets | | | | | |
| Land | | | | | |
| Buildings on own land Buildings on third-party land Fixtures and fittings buildings | | | | | |
| Technical installations, machinery, equipment and | | | | | |
| industrial tools | 9102 | | | | |
| Other installations, fixtures and fittings<br>Transport equipment | 24,434 | | | | |
| Office equipment, IT equipment and furniture Returnable packaging | 104,037 | | | | |
| **TOTAL** | **137,573** | | | | |
| **GENERAL TOTAL** | **137,573** | | | | |

| Movements during the year affecting expenses spread over several years | Net amount at start | Increase | Depreciation and amortisation | Net amount at end |
|---|---|---|---|---|
| Deferred charges | | | | |
| Bond redemption premiums | | | | |

**Statement of provisions**

| PROVISIONS | Start of financial year | Increases in allocations | Decreases Reversals | End of financial year |
|---|---|---|---|---|
| On customer accounts | | 95,424 | | 95,424 |
| **TOTAL** | | **95,424** | | **95,424** |
| Impairment | | | | |
| **GENERAL TOTAL** | | **95,424** | | **95,424** |
| Of which charges and reversals : | | | | |
| operating | | 95,424 | | |
| financial | | | | |
| exceptional | | | | |

# MATURITY OF RECEIVABLES AND PAYABLES

| **Receivab les** | **Gross** | **One year at most** | **More than a year** |
|---|---|---|---|
| Loans to subsidiaries and affiliates | | | |
| Loan | | | |
| Other long-term investments Trade receivables - Bad debts | 32,473 | | 32,473 |
| Other trade receivables | 8,152,755 | 8,152,755 | |
| Loans of securities | | | |
| Employees and related accounts | 56,920 | 56,920 | |
| Social security, other social organisations | | | |
| State and other public authorities : | | | |
| - State - Income tax | 281,509 | 281,509 | |
| - VAT | 938 | 938 | |
| - Other taxes and levies | | | |
| - Miscellaneous | 1,028 | 1,028 | |
| Group and partners | 1,723.039 | 1,723,039 | |
| Sundry debtors | 1,103 | 1,103 | |
| Prepaid expenses | | | |
| **GENERAL TOTAL** | **10,249,765** | **10,217,292** | **32,473** |

Loans granted during the year
Loans recovered during the year
Loans and advances to associates

| **Debts** | **Gross** | **Within one year** | **Plus 1 year 5 years at most** | **Over 5 years old** |
|---|---|---|---|---|
| Convertible bonds | | | | |
| Other bonds | | | | |
| Loans (2) and borrowings from credit institutions of which : | | | | |
| - with an initial term of less than 1 year | | | | |
| - with an initial term of more than 1 year | | | | |
| Borrowings and other financial liabilities | 10,174,306 | 10,174,306 | | |
| Trade payables and related accounts | 1,189,672 | 1,189,672 | | |
| Employees and related accounts | 442,788 | 442,788 | | |
| Social security, other social organisations | 248,405 | 248,405 | | |
| State and other public authorities : | 373,765 | 373,765 | | |
| - State - Income tax | 12,145 | 12,145 | | |
| - VAT | 45,186 | 45,186 | | |
| - Guaranteed bonds | | | | |
| - Other taxes and levies | 25,690 | 25,690 | | |
| Payables on fixed assets and related accounts | 53,662 | 53,662 | | |
| **Group and** associates | | | | |
| Other liabilities | | | | |
| **GENERAL TOTAL** | **12,565,619** | **12,565,619** | | |

Loans taken out during the year

Loans repaid during the yearOf which to partners

**Composition of share capital**

| | Number | Nominal value |
|---|---|---|
| Shares making up the share at the start of the financial year | 99,000 | 1 |
| Shares issued during the year | | |
| Shares redeemed during the year | | |
| Shares making up the capital at year-end | 99,000 | 1 |

**Beneficiary shares**

| Value | Number |
|---|---|
| TECH MAHINDRA LIMITED (TML) | 99,000 |

**Breakdown of net sales**

| **Breakdown by business sector** | **Amount** |
|---|---|
| Sales of goods for resale | |
| Sales of finished products Services | 32 317 548 |
| **TOTAL** | **32 317 548** |

| **Breakdown by geographical market** | **Amount** |
|---|---|
| France | 13 974 617 |
| Foreign | 18 342 931 |
| **TOTAL** | **32 317 548** |

**Auditors' fees**

| | **Amount** |
|---|---|
| -Fees invoiced for the statutory audit of the accounts | |
| -Fees billed for advice and services | 32 400 |
| **TOTAL** | **32 400** |

**Average headcount**

| | **Salaried staff** | **Staff made available to the company** |
|---|---|---|
| Executives | 124 | |
| Supervisors and technicians | | |
| Employees | | |
| workers | | |
| **TOTAL** | **124** | |

# TECHM IT-SERVICES GMBH

**Directors**

Mr. Sujan Kotian – From 1st March 2023
Mr. Fares Zaier – upto 1st March 2023

**Registered Office**

Albertgasse 35
1080 Vienna Austria

**Bankers**

Erste Bank der Oesterreichischen Sparkassen AG

**Auditors**

B S R & Co. LLP

# INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of Tech Mahindra Limited**

**Report on the Audit of the Financial Statements of Tech Mahindra IT Services GmbH**

### Opinion

We have audited the financial statements of Tech Mahindra IT Services GmbH (the " Company"), which comprise the Balance Sheet as at 31 March 2023, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (collectively referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements 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 31 March 2023, and its profit 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') issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

### Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 ('the Act'). This responsibility also includes maintenance of adequate accounting records 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are 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 the Board of Directors 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing opinion on whether the company has in place adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

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.

**Other Matter-Restriction on Use**

As explained in note 1(a), these financial statements are prepared for the use by the Company and the Ultimate Holding Company, Tech Mahindra Limited, to comply with the requirements of the Act. These financial statements are not the statutory financial statements of the Company. As a result, these financial statements may not be suitable for another purpose. Our report must not be copied, disclosed, quoted, or referred to, in correspondence or discussion, in whole or in part to anyone other than the purpose for which it has been issued without our prior written consent.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Ashish Gupta
Partner
Membership No. 215165
ICAI UDIN: 232I5I65BGXRIB5736

Place: Pune, India
Date: 16 June 2023

# BALANCE SHEET AS AT MARCH 31, 2023

| Balance Sheet | Note No. | 31-March-2023 | 31-March-2022 |
|---|---|---|---|
| | | | Eur in Hundreds |
| **ASSETS** | | | |
| **Non Current Assets** | | | |
| Advance income tax (net of provision) | | **140** | 147 |
| **Total Non Current Assets** | | **140** | 147 |
| **Current Assets** | | | |
| (a) Financial Assets | | | |
| (i) Trade Receivables | 3 | **464** | 77 |
| (ii) Cash and Cash Equivalents | 4 | **760** | 969 |
| (ii) Other Financial Assets | 5 | **-** | 8 |
| (b) Other Current Assets | 6 | **109** | 37 |
| **Total Current Assets** | | **1,333** | 1,091 |
| **Total Assets** | | **1,473** | 1,238 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity Share Capital | 7 | **50** | 50 |
| (b) Other Equity | 8 | **1,231** | 1,042 |
| Total Equity | | **1,281** | 1,092 |
| **Current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Trade Payables | | | |
| (a) total outstanding dues of micro enterprises and small enterprises | | | |
| (b) total outstanding dues of creditors other than micro enterprises and small enterprises | 9 | **117** | 134 |
| (c) Income Tax Liabilities (Net) | 10 | **75** | 12 |
| **Total Current Liabilities** | | **192** | 146 |
| **Total Equity and Liabilities** | | **1,473** | 1,238 |
| **See accompanying notes forming part of the financial statements** | 1 to 19 | | |

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.101248W/W-100022

**For Tech Mahindra IT Services GmbH**

Ashish Gupta
Partner
Membership No.: 215165
Place : Pune
Date: 16 June 2023

Sujan Kotian
Managing Director

Place :Germany
Date: 14-June-2023

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

Eur in Hundreds

| | Statement of Profit and Loss | Note No. | 31-March-2023 | 31-March-2022 |
|---|---|---|---|---|
| I | Revenue from Operations | 11 | **3,946** | 421 |
| II | **Total Revenue** | | **3,946** | 421 |
| III | **Expenses** | | | |
| | Expenses for employee benefits | 12 | **3,080** | - |
| | Other Operating Expenses | 13 | **609** | 393 |
| | **Total Expenses** | | **3,689** | 393 |
| IV | **Profit before Tax (III-IV)** | | **257** | 28 |
| V | **Tax Expense** | | | |
| | Current Tax | 15 | **68** | 7 |
| | Deferred Tax | | **-** | - |
| | **Total Tax Expense** | | **68** | 7 |
| VI | **Profit after tax (IV-V)** | | **189** | 21 |
| VII | **Other Comprehensive Income** | | | |
| A | I. Items that will not be reclassified to Profit or Loss | | **-** | - |
| | II. Income Tax relating to items that will not be reclassified to Profit or Loss | | **-** | - |
| B | I. Items that will be reclassified to Profit or Loss | | **-** | - |
| | II. Income Tax relating to items that will not be reclassified to Profit or Loss | | **-** | - |
| | **Total Other Comprehensive Income (A+B)** | | **-** | - |
| VIII | **Total Comprehensive Income (VII + VIII)** | | **189** | 21 |
| | **Earnings per Equity Share (Face Value Euro 1) in Euro** | | | |
| | Basic | | **37.73** | 4.23 |
| | Diluted | | **37.73** | 4.23 |
| | **See accompanying notes forming part of the financial statements** | 1 to 19 | | |

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.101248W/W-100022

Ashish Gupta
Partner
Membership No.: 215165
Place : Pune
Date: 16 June 2023

**For Tech Mahindra IT Services GmbH**

Sujan Kotian
Managing Director

Place :Germany
Date: 14-June-2023

**A. Equity Share Capital**

Eur in Hundreds

| Balance as of April 1, 2021 | Changes in equity share capital during the year | Balance as of March 31, 2022 |
|---|---|---|
| 50 | - | 50 |

Eur in Hundreds

| Balance as of April 1, 2022 | Changes in equity share capital during the year | Balance as of March 31, 2023 |
|---|---|---|
| 50 | - | 50 |

**B. Other Equity -Reserves and Surplus - Retained Earnings**

Eur in Hundreds

| **Particulars** | **Balance as at March 31, 2023** | Balance as at March 31, 2022 |
|---|---|---|
| Balance as at the beginning of reporting period | **1,042** | 1,021 |
| Profit for the year | **189** | 21 |
| **Total Comprehensive income** | **1,231** | 1,042 |

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.101248W/W-100022

Ashish Gupta
Partner
Membership No.: 215165
Place : Pune
Date: 16 June 2023

**For Tech Mahindra IT Services GmbH**

Sujan Kotian
Managing Director

Place :Germany
Date: 14-June-2023

# CASH FLOW STATEMENT

| Cash Flow Statement | | | **For the Year ended 31-March-2023** | | For the Year ended 31-March-2022 |
|---|---|---|---|---|---|
| **A** | **Cash Flow from Operating Activities** | | | | |
| | Profit before Tax | | **257** | | 28 |
| | | | **257** | | 28 |
| | **Changes in working capital** | | | | |
| | (Decrease in)/increase in trade receivable & other assets | **(511)** | | 56 | |
| | Increase in/(decrease in) trade payables, provisions & other liabilities | **45** | | 3 | |
| | | | **(466)** | | 59 |
| | Cash Generated from operating activities before taxes | | **(209)** | | 87 |
| | Income Tax Paid, net | | **-** | | (38) |
| | **Net cash used in operating activities** | | **(209)** | | 49 |
| | **Net Increase / (Decrease) in Cash and Cash Equivalents** | | **(209)** | | 49 |
| | **Cash and Cash Equivalents at the beginning of the year** | | **969** | | 920 |
| | **Cash and Cash Equivalents at the end of the year(refer note 4)** | | **760** | | 969 |

| Cash and Cash Equivalents at the end of the year Comprises of | **Balance as at March 31, 2023** | Balance as at March 31, 2022 |
|---|---|---|
| **Balances with Banks :** | | |
| In Current Accounts | **760** | 969 |
| **Total** | **760** | 969 |

**See accompanying notes forming part of the financial statements (1-25)**

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.101248W/W-100022

Ashish Gupta
Partner
Membership No.: 215165
Place : Pune
Date: 16 June 2023

**For Tech Mahindra IT Services GmbH**

Sujan Kotian
Managing Director

Place :Germany
Date: 14-June-2023

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**1 Corporate information**

The Company was incorporated on August 08, 2014, with principal place of business at Albertgasse 35, 1080 Vienna, Austria. The financial statements are expressed in Euro.

The principal activities of the Company are providing consultancy and services relating to information technology and development of software solutions and products for banking and finance industry which include activities such as retail,corporate,investment, wealth management and micro finance.

The Company's immediate holding company is Tech Mahindra GmbH, incorporated in Dusseldorf, Germany and ultimate parent company is Tech Mahindra Limited incorporated in India.

The Ind AS financial statements of the Company for the year ended March 31, 2022 were authorised for issue by the Board of Directors on 9 June 2023.

**2 Significant accounting policies:**

2.1 Statement of Compliance

The Ind AS financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs, as amended from time to time.

2.2 Basis of preparation of financial statements

Basis of preparation - The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013. These financial statements have been prepared by the Company solely for the purpose of placing the audited financial statements of the Company along with the consolidated financial statements of Tech Mahindra Limited ("the ultimate holding company") on the website of the ultimate holding company as required under Section 136 of the 2013 Act. As the company is not domiciled in India and hence not registered under Companies Act 2013, these financial statements have not been prepared to fully comply with the Companies Act 2013, and so theydo not reflect all the disclosures requirements of the Act. These accounts are not statutory financialstatements of the Company.

These financial statements have been prepared under the historical cost convention on an accrual and going concern basis except for certain financial assets and liabilities which have been measured at fair value (refer accounting policy regarding financial instruments).The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year.All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle of 12 months. The statement of cash flows has been prepared under indirect method.

In estimating the fair value of an asset or liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

**2.3 Use of estimates**

The preparation of financial statements requires the management of the company to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

**2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**2.5 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of 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 based on the available information.

**2.6 Revenue recognition**

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Revenue from cost plus contracts are recognised based on the terms of the contract over the service period.

Contracts assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract liability arises when there is Company’s obligation to transfer goods or services to a customer for which the entity has received consideration (“Advances from Customer”) or the amount is due from the customer (“Unearned Revenue”).

**2.7 Leases**

At inception of the contract, the Company determines whether the contract is a lease or contains a lease arrangement. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a Lessee**

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlyingasset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of rightof- use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate specific to the lease being evaluated for a portfolio of leases with similar characteristics. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in standalone statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term."

**2.8 Foreign currency transactions:**

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the date of Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised in the profit or loss.

**2.9 Financial Instruments**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

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. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss.

**i) Non-derivative financial instruments:**

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost using the effective interest method less impairment losses, if these financial assets are held within a business model 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.

Financial assets at fair value

Financial assets not measured at amortised cost are carried at fair value through profit or loss (FVTPL) on initial recognition, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in 'other comprehensive income', for investment in equity instruments which are not held for trading.

Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest rate method or at FVTPL. For financial liabilities carried at amortised cost, the carrying amounts approximate fair values due to the short term maturities of these instruments. Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised in a business combination, or is held for trading or it is designated as FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit and loss.

**i) Derecognition of financial instruments**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the risk and rewards of transferred financial assets, the Company continues to recognise the financial asset and also recognises the borrowing for the proceeds received. The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or have expired.

### 2.10 Taxes on income

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the local tax laws existing in the country.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are recognised in other comprehensive income or directly in equity, respectively.

Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred income tax asset are recognised 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 utilised.

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 utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when it relates to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

### 2.11 Earnings per Share:

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the period.

For calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

### 2.12 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the 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.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Contingent assets are neither recognised nor disclosed in the financial statements

**2.13 Recent pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**Note 3 : Trade Receivables**

Eur in Hundreds

| **Particulars** | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Unsecured - Considered Good | **464** | 77 |
| Credit impaired | **-** | - |
| | **464** | 77 |
| Less: Allowance for expected credit losses | **-** | - |
| **Total** | **464** | 77 |

**Note 3A : Ageing of Trade Receivables**

| Particulars | | Outstanding for following period from due date of payment | | | | |
|---|---|---|---|---|---|---|
| | | **Less than 6 months** | **6 months to 1 year** | **1 to 3 years** | **More than 3 years** | **Total** |
| (i) | Undisputed trade receivables- considered good | 464 | - | - | - | 464 |
| (i) | Undisputed trade receivables- considered doubtful | - | - | - | - | - |
| (i) | Disputed trade receivables- considered good | - | - | - | - | - |
| (i) | Disputed trade receivables- considered doubtful | - | - | - | - | - |

**Note 4 : Cash and Cash Equivalents**

Eur in Hundreds

| Particulars | 31-Mar-23 | 31-Mar-22 |
|---|---|---|
| Balances with banks | | |
| - In Current Account | **760** | 969 |
| **Total** | **760** | 969 |

**Note 5: Other Financial Assets**

Eur in Hundreds

| Particulars | 31-Mar-23 | 31-Mar-22 |
|---|---|---|
| Security Deposits | | |
| - Unsecured, considered good | **-** | 8 |
| **Total** | **-** | 8 |

**Note 6 : Other Current Assets**

Eur in Hundreds

| Particulars | 31-Mar-23 | 31-Mar-22 |
|---|---|---|
| Balance with Government Authorities | **109** | 37 |
| **Total** | **109** | 37 |

**Note 7: Equity Share Capital**

| **Particulars** | **31 March , 2023** | | 31 March , 2022 | |
|---|---|---|---|---|
| | **Number** | **EUR in Hundreds** | Number | EUR in Hundreds |
| **Authorised Share Capital** | | | | |
| Equity shares of Euro 10/- each fully paid up | **3,500** | **350** | 3,500 | 350 |
| **Issued Subscribed and Paid up share Capital as at beginning of reporting period** | | | | |
| Equity shares of Euro 10/- each fully paid up | **500** | **50** | 500 | 50 |
| **Reconciliation of number of Equity Shares outstanding at the beginning and at the end of the reporting year:** | | | | |
| Shares outstanding at the beginning of the year | **500** | **50** | 500 | 50 |
| Shares issued during the year | **-** | **-** | - | - |
| **Shares outstanding at the end of the year** | **500** | **50** | 500 | 50 |

Number of shares held by each shareholder holding more than 5 percent of the Equity Shares of the Company are as follows:

| Name of Shareholder | **As at 31 March, 2023** | | As at 31 March, 2022 | |
|---|---|---|---|---|
| | **No. of Shares held** | **% of Holding** | No. of Shares held | % of Holding |
| Tech Mahindra GmbH | **500** | **100** | 500 | 100 |

i) Each Equity Share entitles the holder to one vote and carries an equal right to dividend.

ii) The Company has not issued any shares during the year.

iii) The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the equity balance. The Company is not subject to any externally imposed capital requirements. The Company's Board reviews the capital structure of the Company on an ongoing basis.

Shares held by promoters at the end of the year:

| Name of Shareholder | **As at 31 March, 2023** | | | As at 31 March, 2022 | | |
|---|---|---|---|---|---|---|
| | **No. of Shares held** | **% of Holding** | **% Change during the year** | No. of Shares held | % of Holding | % Change during the year |
| Tech Mahindra GmbH | **500** | **100** | **-** | 500 | 100 | - |

**Note 8 : Other Equity**

Eur in Hundreds

| **Particulars** | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| **Surplus in Statement of Profit and Loss** | | |
| Opening balance | **1,042** | 1,021 |
| Add : Profit for the year | **189** | 21 |
| **Closing Balance** | **1,231** | 1,042 |

**Note 9 : Trade Payables**

Eur in Hundreds

| **Particulars** | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Trade Payables | **117** | 134 |
| Total | **117** | 134 |

**Note 9A : Ageing of Trade Payables**

| Particulars | Outstanding for following period from due date of payment | | | |
|---|---|---|---|---|
| | Less than 1 year | 1-3 years | More than 3 Years | Total |
| (i) Undisputed dues | 27 | - | - | 27 |
| | (22) | - | - | (22) |
| (ii) Disputed dues | - | - | - | - |
| | - | - | - | - |
| **Total** | **27** | **-** | **-** | **27** |
| | (22) | - | - | **(22)** |
| Accrued expenses | | | | 90 |
| | | | | (112) |
| Total Trade Payables | | | | **117** |
| | | | | **(134)** |

Note: Figures in bracket represents balances as at March 31, 2022

**Note 10: Current Tax Liabilities**

Eur in Hundreds

| **Particulars** | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Provision for tax (net) | **75** | 12 |
| **Total** | **75** | 12 |

**Note 11: Revenue from Operations**

Eur in Hundreds

| **Particulars** | **Year ended 31-Mar-23** | Year ended 31-Mar-22 |
|---|---|---|
| Sale of Services | **3,946** | 421 |
| **Total** | **3,946** | 421 |

**Note 12 : Expenses for employee benefits**

Eur in Hundreds

| **Particulars** | **Year ended 31-Mar-23** | Year ended 31-Mar-22 |
|---|---|---|
| Salaries and wages | **2,542** | - |
| Contribution to social security | **538** | - |
| **Total** | **3,080** | - |

**Note 13 : Other Expenses**

Eur in Hundreds

| **Particulars** | **Year ended 31-Mar-23** | Year ended 31-Mar-22 |
|---|---|---|
| Insurance charges | **16** | - |
| Legal and professional fees | **106** | 124 |
| Miscellaneous expenses | **22** | 3 |
| Recruitment expenses | **423** | - |
| Rent expense | **-** | 266 |
| Travelling expenses | **41** | - |
| Exchange gain/loss | **1** | - |
| Total | **609** | 393 |

**14 Related party transactions**

**14a. Details of related parties:**

| **Description of relationship** | **Names of Related Party** |
|---|---|
| Ultimate Holding Company | Tech Mahindra Limited |
| Holding Company | Tech Mahindra GmbH |

**14b.The following table summarizes the related party transactions and balances:**

Eur in Hundreds

| Particulars | Tech Mahindra Limited | Tech Mahindra GmbH | Total |
|---|---|---|---|
| **Transactions for the year ended March 31, 2023:** | | | |
| Revenue from sale of services | 3,946 | - | 3,946 |
| | (421) | - | (421) |
| Reimbursement of Expenses | 28 | - | 28 |
| | (-) | (-) | - |
| **Balances outstanding at the end of the year:** | | | |
| Trade receivables- Considered good | 464 | - | 464 |
| | (77) | (-) | (77) |
| Trade payables | 28 | - | 28 |
| | (22) | (-) | (22) |

Note : Figures in bracket relate to the previous year

**15 Income Tax Expenses**

The income tax expense for the year ended can be reconciled to the accounting profit as follows:

Eur in Hundreds

| Particulars | Year ended 31-March-2023 | Year ended 31-March-2022 |
|---|---|---|
| Current Tax: | | |
| In respect of current year | **68** | 7 |
| In respect of previous years | **-** | - |
| **Net Current tax** | **68** | 7 |
| **Deferred tax:** | | |
| In respect of current year | **-** | - |
| **Total Income Tax Expense recognised** | **68** | 7 |

The income tax expense for the year ended can be reconciled to the accounting profit as follows

Eur in Hundreds

| Particulars | Year ended 31-March-2023 | Year ended 31-March-2022 |
|---|---|---|
| Profit before tax | **257** | 28 |
| Enacted tax rate | **25%** | 25% |
| Tax expenses calculated at enacted rate | **64** | 7 |
| Others | **4** | 0 |
| Income tax expense recognized in profit and loss account | **68** | 7 |

The tax rate used for the above reconciliation is the rate as applicable for the respective period payable by corporate entities in Austria on taxable profits under the Austrian tax laws.

Domestic income tax is calculated at 25% of the estimated assessable profit for the year.

**16 Earnings Per Share is calculated as follows:**

Eur in Hundreds

| Particulars | Year ended 31-March-2023 | Year ended 31-March-2022 |
|---|---|---|
| Profit after taxation | **189** | 21 |
| Equity Shares outstanding as at the end of the year (in nos.) | **500** | 500 |
| Weighted average Equity Shares outstanding as at the end of the year (in nos.) | **500** | 500 |
| Nominal Value per Equity Share (in Euro) | **10** | 10 |
| Earnings Per Share | | |
| Earnings Per Share (Basic) (in Euro) | **38** | 4 |
| Earnings Per Share (Diluted) (in Euro) | **38** | 4 |

**17 Financial Instruments and Risk Review**

The Company's activities expose it to a variety of financial risks i.e. market risk, credit risk and liquidity risk. The Company operates a risk management policy and program that performs close monitoring of and responding to each risk factors.Following are the financial risk factors.

**(a) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk

**(b) Credit Risk:**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables.

**Trade Receivable**

Trade receivables consist of a single related party customer. Average credit period ranges from 20-30 days and no interest is charged on overdue receivables. The Company uses a practical expedient by computing the expected credit loss allowance for trade receivable based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking experience. As there is no history of defaults, no allowance for doubtful trade receivables based on the expected credit loss model is made.

**Age of receivables**

Eur in Hundreds

| Particulars | Year ended 31-March-2023 | Year ended 31-March-2022 |
|---|---|---|
| Within the credit period | **464** | 77 |
| 90-180 days past due | **-** | - |
| 180- 365 days past due | **-** | - |
| More than 365 days past due | **-** | - |

**Cash and Bank Balances:**

The Company maintains its cash and cash equivalents with bank having good reputation and high quality credit rating.

**Credit Risk Exposure:**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was EUR 145,683 and EUR 105,413 as of March 31, 2023 and March 31, 2022 respectively, being the total of the carrying amount of balances with banks, trade receivables and other financial assets.

**Liquidity Risk:**

Liquidity risk refers to the risk that the company cannot meet its financial obligation. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirement.

The table below provides details regarding the contractual maturities of significant financial liabilities as on March 31, 2023:

| **Particulars** | **Less than 1 year** | **1-3 Years** | **3-5 Years** | **5 years and above** |
|---|---|---|---|---|
| Trade Payables | 117 | - | - | - |
| Other Financial Liabilities | - | - | - | - |
| **Total** | **117** | **-** | **-** | **-** |

The table below provides details regarding the contractual maturities of significant financial liabilities as on March 31, 2022

| **Particulars** | **Less than 1 year** | **1-3 Years** | **3-5 Years** | **5 years and above** |
|---|---|---|---|---|
| Trade Payables | 134 | - | - | - |
| Other Financial Liabilities | - | - | - | - |
| **Total** | **134** | **-** | **-** | **-** |

**The carrying value and fair value of financial instruments by categories as of 31 March 2023 is as follows:**

The following table details the Company's expected maturity for its non-derivative financial assets:

| **Particulars** | | | EUR in Hundreds |
|---|---|---|---|
| | **Amortised cost** | **Total carrying Value** | **Total fair value** |
| **Assets:** | | | |
| Trade Receivables | 464 | 464 | 464 |
| Cash and cash equivalents | 760 | 760 | 760 |
| Other financial assets | - | - | - |
| | 1,224 | 1,224 | 1,224 |
| **Liabilities:** | | | |
| Trade and other payables | 117 | 117 | 117 |
| | **117** | **117** | **117** |

The carrying value and fair value of financial instruments by categories as of 31 March 2022 is as follows:

| Particulars | | | EUR in Hundreds |
|---|---|---|---|
| | Amortised cost | Total carrying Value | Total fair value |
| **Assets:** | | | |
| Trade Receivables | 77 | 77 | 77 |
| Cash and cash equivalents | 969 | 969 | 969 |
| Other financial assets | 8 | 8 | 8 |
| | 1,054 | 1,054 | 1,054 |
| **Liabilities:** | | | |
| Trade and other payables | 134 | 134 | 134 |
| | **134** | **134** | **134** |

The Company is engaged in providing consultancy and services relating to information technology and development of software solutions and products for banking and finance industry which include activities such as retail, corporate, investment, wealth management and micro finance.

The Company's operations is primarily located in the Austria. As the Company has only one geographical segment, the balance sheet as at 31 March 2022 and

statement of profit and loss for the year ended then pertain to only one geographical segment.

## 18 Additional regulatory information

**Financial Ratios**

| Particulars | Numerator (1) | Denominator (2) | 31 March 2023 (3) = (1/2) | 31 March 2022 (3) = (1/2) | Variance |
|---|---|---|---|---|---|
| Current Ratio (in times) | Total Current Assets | Total Current Liabilities | **6.96** | 7.46 | -7% |
| Return on Equity Ratio (in %) | Net Profit After Tax | Average Shareholders' Equity | **15%** | 2% | *636% |
| Trade Receivable Turnover Ratio (in times) | Revenue from operation | Average Trade Receivable | **14.59** | 5.36 | ^ 172% |
| Trade Payable Turnover Ratio (in times) | Other Expenses | Average Trade Payables | **4.85** | 2.98 | # 63% |
| Net Capital Turnover Ratio (in times) | Revenue from operation | "Net Working Capital (A)" | **3.46** | 0.45 | ^ 668% |
| Net Profit Ratio (in %) | Profit After Tax | Revenue from operation | **5%** | 5% | -5% |
| Return on Capital Employed (in %) | Earnings before interest and taxes | Average capital employed (B) | **20%** | 3% | *569% |

* The increase in ratio is on account of increased profit during the year.

# Other Expenses have increased due to recruitment of employees

^ Incrase is in ratio is on account of increased turnover during the year

**19 Subsequent event**

The Company has evaluated all the subsequent events through 7 June 2023 which is the date on which these financial statements were issued, and no events have occurred from the balance sheet date through that date except for matters that have already been considered in the financial statements.

The Company has presented its financial statements in “EUR in Hundreds” and accordingly, amounts less than EUR 0.50 hundreds are rounded off to zero.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.101248W/W-100022

Ashish Gupta
Partner
Membership No.: 215165
Place : Pune
Date: 16 June 2023

**For Tech Mahindra IT Services GmbH**

Sujan Kotian
Managing Director

Place :Germany
Date: 14-June-2023

# TECH MAHINDRA IT SERVICES NL B.V.

**Unaudited Financial Statements**
**For the year ended 31st March 2023**

**Managing Directors**
Mr. Sandeep Phadke
Mr. Mandar Vasant Bhairavkar

**Registered Office**
Maanplein 20, Gebouw 8,
2516 CK,in ‘s-Gravenhage

**Bankers**
CITI Bank

# DIRECTORS' REPORT

Management of the Company hereby presents its directors' report for the financial year ended on 31 March 2023.

### 1.1 History

Tech Mahindra IT Services NL B.V. (Company) is part of a group which is headed by Tech Mahindra Limited, established in Mumbai (India). As of May 3, 2021 the company has changed its name from LCC Network Services B.V. to Tech Mahindra IT Services NL B.V.

### 1.2 Strategy

Our primary focus is to leverage technology, and the strength of connected minds, to bring about a business transformation with humanized experiences that create a sustainable world. We have seen tech-centric business models emerging and companies engaging in new commercial models. The emergence of new technologies has changed the way of how experiences are delivered. We are therefore now on a mission to leapfrog into the next, but with an urgency to do it now.

### 1.3 Core activities

The Company enabler of digital transformation, consulting, system integration and business re-engineering services and solutions along with technology sale. It operates on a cost plus model.

### 1.4 Ownership

The authorised share capital of the company amounts to Euro 90,000, divided into 90,000 ordinary shares of Euro 1.00 each, of which 18,000 shares are issued and paid up. As at 31 March 2023 the issued and paid up shares are owned by Tech Mahindra Limited, India.

### 1.5 Organization (internal organization and staffing)

During the year ended 31 March, 2023, the average number of employees in the company, converted into full-time equivalents, amounted to 237 (31 March 2022: 166).

### 1.6 Risk management

#### a. Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risk. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

#### b. Finance risk

Finance risk is low as the company is having a cost plus agreement with Tech Mahindra Limited.

#### c. Currency risk

Currency risk is low as the company operates only in Euros.

#### d. Interest risk

Interest risks are low. The company has no loans.

### 1.7 Future developments

The company expects to continue its current activities in the foreseeable future. No significant changes in financing and staffing are expected.

'S-Gravenhage, 24 June 2023

Tech Mahindra IT Services NL B.V.

| | |
|---|---|
| **Mandar Bhairavkar** | **Sandeep Phadke** |
| Director | Director |

# BALANCE SHEET AS AT 31 MARCH 2023

(Before appropriation of results)

| | Note | 31-03-2023 € | 31-03-2022 € |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| **Property, plant and equipment** | | | |
| Tangible fixed assets | 1 | **280,032** | 413,304 |
| **Financial assets** | | | |
| Deferred tax assets | 2 | **3,295,593** | 2,582,911 |
| Other receivables | 3 | **117,027** | 117,027 |
| **Total Financial assets** | | **3,412,620** | 2,699,938 |
| **Total Non-current assets** | | **3,692,652** | 3,113,242 |
| **Current assets** | | | |
| **Receivables** | | | |
| Trade debtors | 4 | **431,529** | 1,969,531 |
| Receivables from group companies | 5 | **2,637,923** | - |
| Taxes and social security charges | 6 | **566,658** | 120,046 |
| Other receivables and accrued assets | 7 | **1,014,946** | 1,309,090 |
| **Total Receivables** | | **4,651,056** | 3,398,667 |
| Cash and cash equivalents | 8 | **6,775,597** | 1,510,870 |
| **Total Current Assets** | | **11,426,653** | 4,909,537 |
| **Total Assets** | | **15,119,305** | 8,022,779 |
| **Equity** | | | |
| Issued share capital | 9 | **18,000** | 18,000 |
| Share premium reserve | | **41,742,754** | 41,742,754 |
| Other reserves | | **(38,874,285)** | (39,440,289) |
| Result for the year | | **3,233,534** | 566,004 |
| **Total Equity** | | **6,120,003** | 2,886,469 |
| **Unearned revenue** | 10 | **6,706,776** | 698,276 |
| Trade payables | 11 | **479,470** | 625,089 |
| Payables to group companies | 12 | **227,052** | 1,936,134 |
| Payables relating to taxes and social security contributions | 13 | **625,506** | 1,189,169 |
| Accruals and deferred income | 14 | **960,498** | 687,642 |
| **Total Current liabilities** | | **8,999,302** | 5,136,310 |
| **Total Equity and liabilities** | | **15,119,305** | 8,022,779 |

# STATEMENT OF INCOME AND EXPENSES FOR THE YEAR ENDED 31 MARCH 2023

| | Note | **2022/2023 €** | 2021/2022 € |
|---|---|---|---|
| Net Turnover | 15 | **32,504,450** | 18,633,994 |
| Other operating income | 16 | **973,016** | - |
| **Total Revenue** | | **33,477,466** | 18,633,994 |
| Cost of sales | 17 | **(6,501,515)** | (2,665,304) |
| **Gross margin** | | **26,975,951** | 15,968,690 |
| Expenses of employee benefits | | | |
| Wages | 18 | **17,453,260** | 10,552,394 |
| Social security contributions | 19 | **1,571,089** | 911,643 |
| Other employee benefits expenses | 20 | **2,391,884** | 2,052,191 |
| **Total of expenses of employee benefits** | | **21,416,233** | 13,516,228 |
| Amortisation and depreciation | 21 | **192,117** | 82,361 |
| **Other operating expenses** | 22 | **2,884,677** | 1,453,165 |
| **Total operating expenses** | | **24,493,027** | 15,051,754 |
| | | | |
| Total of operating result | | **2,482,924** | 916,936 |
| Financial income and expenses | 23 | **37,928** | (25,843) |
| **Total of result of activities before tax** | | **2,520,852** | 891,093 |
| **Income tax expense** | | | |
| Income tax expense from current financial year | 24 | **(612,318)** | (325,089) |
| Deferred income tax expense | 24 | **1,325,000** | - |
| **Total Income tax expense** | | **712,682** | (325,089) |
| **Total of result after tax** | | **3,233,534** | 566,004 |

## Cash flow statement 2023

| **Cash flow statement** | **Current** | Previous |
|---|---|---|
| Operating result | **2,482,924** | 916,930 |
| Adjustments for depreciation and amortisation expense | **192,117** | 82,361 |
| **Total of adjustments to reconcile to the operating result** | **192,117** | 82,361 |
| Decrease (increase) in trade receivables | **1,538,002** | (1,969,531) |
| Decrease (increase) in trade payables | **(145,619)** | 616,496 |
| Decrease (increase) in other receivables | **294,144** | (1,307,590) |
| Increase in other payables | **272,850** | 669,250 |
| Increase in unearned revenue | **6,008,500** | 698,276 |
| Movement in taxes & social security balances | **(1,010,275)** | 79,962 |
| Total of changes in working capital | **6,957,602** | (1,213,137) |
| Interest received (paid) | **37,928** | (25,843) |
| Corporate income tax | **-** | - |
| **Total of cash flows from (used in) operating activities** | **9,670,571** | (239,689) |
| Cash flow from investing activities | | |
| Investment in tangible fixed assets | **(58,845)** | (495,665) |
| Investment in security deposit | **-** | (117,027) |
| **Total of cash flows from (used in) investing activities** | **(58,845)** | (612,692) |
| **Cash flow from financing activities** | | |
| Increase in group receivables | **(2,637,923)** | - |
| Decrease in group payables | **(1,709,076)** | 1,789,260 |
| Increase in share premium reserve | **-** | 569,628 |
| **Total of cash flows from (used in) financing activities** | **(4,346,999)** | 2,358,888 |
| **Cash and cash equivalents at the beginning of the period** | **1,510,870** | 4,363 |
| **Movement in cash and cash equivalents** | **5,264,727** | 1,506,507 |
| Cash and cash equivalents at the end of the period | **6,775,597** | 1,510,870 |

# ENTITY INFORMATION

Registered address and registration number trade register

The registered address of Tech Mahindra IT Services NL B.V. is Maanplein 20, Gebouw 8, 2516CK in ‘s-Gravenhage. Tech Mahindra IT Services NL B.V. is registered at the Chamber of Commerce under number 17145728.

## GENERAL NOTES

### Activities of the entity

The activities of Tech Mahindra IT Services NL B.V. is enabler of digital transformation, consulting, system integration and business re-engineering services and solutions along with technology sale.

As of May 3, 2021 the company has changed its name from LCC Network Services B.V. to Tech Mahindra IT Services NL B.V.

### Disclosure of group structure

Tech Mahindra IT Services NL B.V. is part of a group which is headed by Tech Mahindra Limited, established in Mumbai (India).

### Estimates

In applying the principles and policies for drawing up the financial statements, the directors of Tech Mahindra IT Services NL B.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

### Going Concern

These financial statements have been prepared on the basis of the going concern assumption. Assets and liabilities in the financial statements are recorded on the basis that the company will be able to realize its assets, discharge its liabilities and obtain refinancing in the normal course of business.

### Disclosure of mergers and acquisitions

As per 1 July 2021, Tech Mahindra Netherlands BV and Tech Mahindra Limited Branch are merged into Tech Mahindra IT Services NL BV

The method used for the mergers is carry over accounting. With this method the book values of Tech Mahindra Netherlands BV will be transferred to Tech Mahindra IT Services NL BV as per the date of the merger. The equity of Tech Mahindra Netherlands BV will be recorded as share premium in the financial statements of Tech Mahindra IT Services NL BV.

For Tech Mahindra Limited Branch, the employees will be economically and legally transferred to Tech Mahindra IT Services NL BV as per 1 July 2021. All receivables and liabilities are transferred to the current account with Tech Mahindra Ltd.

## GENERAL ACCOUNTING PRINCIPLES

### The accounting principles used to prepare the financial statements.

The financial statement is drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board (‘Raad voor de Jaarverslaggeving’).

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet, income statement and the cash flow statement, references are made to the notes.

Income and expenses are allocated to the year to which they relate. Profits are only included in so far as they have been realized on the balance sheet date. Liabilities and possible losses that originate before the end of the reporting year are taken into account if they have become known before the preparation of the annual accounts.

## ACCOUNTING PRINCIPLES APPLIED TO THE VALUATION OF ASSETS AND LIABILITIES

### Property, plant and equipment

Tangible fixed assets are valued at historical cost or production cost including directly attributable costs, less straight-line depreciation based on the expected future life and impairments. Depreciation is provided from the date an asset comes into use.

### Financial assets

Receivables recognized under financial fixed assets are initially valued at the fair value less transaction costs. These receivables are subsequently valued at amortized cost price, which is, in general, equal to the nominal value. For determining the value, any depreciation is taken into account.

### Receivables

Receivables are initially valued at the fair value of the consideration to be received, including transaction costs if material. Receivables are subsequently valued at the amortized cost price. If there is no premium or discount and there are no transaction costs, the amortized cost price equals the nominal value of the accounts receivable. Provisions for bad debts are deducted from the carrying amount of the receivable.

### Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognized as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

### Current liabilities

On initial recognition current liabilities are recognized at fair value. After initial recognition current liabilities are recognized at the amortized cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

## ACCOUNTING PRINCIPLES FOR DETERMINING THE RESULT

The result is the difference between the realizable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognized in the year in which they are realized.

### Revenue Recognition

Net turnover comprises the income from the sales of licences (supply of goods) and services, after deduction of discounts and such like and of taxes levied on the turnover. Revenue from licenses where the customer obtains a ‘right to use’ the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a ‘right to access’ is recognised over the access period.

### Employee benefits

Employee benefits are charged to the profit and loss account in the period in which the employee services are rendered and, to the extent not already paid, as a liability on the balance sheet. If the amount already paid exceeds the benefits owed, the excess is recognised as a current asset to the extent that there will be a reimbursement by the employees or a reduction in future payments by the company.

For benefits with accumulating rights, sabbatical leave and bonuses the projected costs are taken into account during the employment. An expected bonus payments is recognised if the obligation for that payment has arisen on or before the balance sheet date and a reliable estimate of the liabilities can be made.

If a benefit is paid in case of non-accumulating rights (e.g., continued payment in case of sickness or disability), the projected costs are recognised in the period in which such benefit is payable. For existing commitments at the balance sheet date to continue the payment of benefits (including termination benefits) to employees who are expected to be unable to perform work wholly or partly due to sickness or disability in the future, a provision is recognised

The recognised liability relates to the best estimate of the expenditure necessary to settle the obligation at the balance sheet date. The best estimate is based on contractual agreements with employees (collective agreement and individual employment contract). Additions to and reversals of liabilities are charged or credited to the profit and loss account.

### Applied policy of pension costs

Tech Mahindra IT Services NL B.V has a pension scheme for employees; these are financed by payments to the pension administrator. Tech Mahindra IT Services NL B.V applies the liability approach to account for this pension scheme. The premium payable during the reporting year is recorded as an expense. Changes in the pension provision are also charged to the result. The contributions are recorded as personnel costs from the date that they become payable. Prepaid contributions are reported as accrual if these results in a repayment or a reduction in future payments. Contributions that are not yet paid are included as a liability in the balance sheet

**Other operating expenses**

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

**Financial income and expenses**

Interest income and expenses consists of received from or paid to third parties. Interest income and expenses are recognized on a pro rata basis

**Income tax expense**

Tax on the result is calculated based on the result before tax in the statement of comprehensive income, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

# NOTES TO THE BALANCE SHEET NON CURRENT ASSETS

## 1. Property, plant and equipment

| | Computers | Furniture & fixtures | Other tangible assets | Total |
|---|---|---|---|---|
| | € | € | € | € |
| Carrying amount as of 1 April 2022 | | | | |
| Purchase price | 458,834 | 10,633 | 3,324 | 472,791 |
| Cumulative depreciation | (56,523) | (2,196) | (768) | (59,487) |
| | **402,311** | **8,437** | **2,556** | **413,304** |
| Movement | 57,672 | 1,173 | - | 58,845 |
| Additions during the year | | | | |
| Depreciation | (184,970) | (5,369) | (1,778) | (192,117) |
| | **(127,298)** | **(4,196)** | **(1,778)** | **(133,272)** |
| Carrying amount as of 31 March 2023 | | | | |
| Purchase price | 516,506 | 11,806 | 3,324 | 531,636 |
| Cumulative depreciation | (241,493) | (7,565) | (2,546) | (251,604) |
| | **275,013** | **4,241** | **778** | **280,032** |
| **Depreciation rates** | | | | % |
| Computers | | | | 33.00 |
| Furniture & Fixtures | | | | 20.00 |

## 2. Deferred tax assets

| | **31-03-2023** | 31-03-2022 |
|---|---|---|
| | **€** | € |
| **Deferred tax asset** | **3,295,593** | 2,582,911 |
| Deferred tax asset | | |
| Balance as at 1 April | **2,582,911** | 2,908,000 |
| Mutation | **712,682** | (325,089) |
| Balance as at 31 March | **3,295,593** | 2,582,911 |

## 3. Other amounts receivable

| | | |
|---|---|---|
| Deposits | **117,027** | 117,027 |

The deposits pertain to leased office at Den Hague.

Notes to the balance sheet

**CURRENT ASSETS**

## 4. Trade debtors

| | **31-03-2023** | 31-03-2022 |
|---|---|---|
| | **€** | € |
| Trade debtors | **431,529** | 1,969,531 |

A provision for doubtful debts is not deemed necessary.

## 5. Current receivables from group companies

| | | |
|---|---|---|
| Current account Tech Mahindra Ltd. | **2,637,923** | - |

No interest is calculated on the other current accounts, because the current account positions mainly consist of regular business transactions.

## 6. Taxes and social security charges

| | | |
|---|---|---|
| Corporate tax advance | **92,608** | 120,046 |
| VAT receivable | **474,050** | - |
| | **566,658** | 120,046 |

## 7. Other receivables and accrued assets

| | | |
|---|---|---|
| Prepaid expenses | **895,654** | 1,076,452 |
| Prepaid insurance | **-** | 133,606 |
| Prepaid personnel expenses | **81,884** | 80,654 |
| Other | **37,408** | 18,378 |
| | **1,014,946** | 1,309,090 |

## 8. Cash and cash equivalents

| | | |
|---|---|---|
| Citibank | **6,551,483** | 1,328,944 |
| Deutsche Bank | **224,114** | 181,926 |
| | **6,775,597** | 1,510,870 |

Cash and cash equivalents are free at disposal of the company.

## 9. Equity

| **Movements in equity were as follows** | **Issued share capital** | **Share premium reserve** | **General reserve** | **Result for the year** | **Total** |
|---|---|---|---|---|---|
| | **€** | **€** | **€** | **€** | **€** |
| Balance as at 1 April 2022 | 18,000 | 41,742,754 | (39,440,289) | 566,004 | 2,886,469 |
| Result for the year | - | - | - | 3,233,534 | 3,233,534 |
| Appropriation of result | - | - | 566,004 | (566,004) | - |
| Merger transfer | - | - | - | - | - |
| Balance as at 31 March 2023 | **18,000** | **41,742,754** | **(38,874,285)** | **3,233,534** | **6,120,003** |

**Share capital paid called up**

The authorised share capital of Tech Mahindra IT Services NL B.V. amounts to Euro 90,000, divided into 90,000 ordinary shares of Euro 1.00 each, of which 18,000 shares are issued and paid up. As at 31 March 2023 the issued and paid up shares are owned by Tech Mahindra Limited, India.

**Share premium reserve**

The share premium reserve pertains to merger with Tech Mahindra Netherlands B.V. in July 2021.

**CURRENT LIABILITIES**

**10. Unearned revenue**

| | **31-03-2023** | 31-03-2022 |
|---|---|---|
| Unearned revenue | **6,706,776** | 698,276 |

**11. Trade Payables**

| | | |
|---|---|---|
| Trade creditors | **479,470** | 625,089 |

**12. Liabilities to group companies**

| | | |
|---|---|---|
| Current-account Tech Mahindra Ltd. | **227,052** | 1,936,134 |

No interest is calculated on the other current accounts, because the current account positions mainly consist of regular business transactions.

**13. Payables relating to taxes and social security contributions**

| | | |
|---|---|---|
| Value added tax | **-** | 754,838 |
| Wage tax | **361,256** | 328,923 |
| Social security contributions | **189,717** | - |
| Pension premiums | **74,533** | 105,408 |
| | **625,506** | 1,189,169 |

**14. Other liabilities and accrued expenses**

| | | |
|---|---|---|
| Accrued expenses | **644,679** | 337,682 |
| Leave encashment | **298,133** | 214,741 |
| Other amounts payable | **12,019** | 8,490 |
| Accounting and consultancy costs | **5,667** | 16,642 |
| Other | **-** | 110,087 |
| | **960,498** | 687,642 |

**Off-balance-sheet rights, obligations and arrangements Long-term financial obligations**

Rent commitments buildings

Tech Mahindra IT Services NL B.V. has rental commitments of € 1,834,348 in total. € 366,870 of the lease obligations will expire next year. The remaining amount is due within 5 years.

**15. Net Turnover**

| | 2022/2023 € | 2021/2022 € |
|---|---|---|
| Turnover | **32,504,450** | 18,633,994 |

**16. Other operating income**

| | | |
|---|---|---|
| | **973,016** | - |

The company had a provision for VAT payable to the Norwegian VAT authorities pertaining to sales made by LCC Network Services B.V. (erstwhile company). During the year, the company decided to reverse the liability as the statutory period of time to pay VAT has elapsed and a provision is no longer needed.

**17. Cost of sales**

| | | |
|---|---|---|
| Cost of sales | **6,501,515** | 2,665,304 |

**18. Expenses of employee benefits**

| | | |
|---|---|---|
| Salaries and wages | **17,453,260** | 10,552,394 |

**19. Social security contributions**

| | | |
|---|---|---|
| Social security charges | **1,571,089** | 911,643 |

**20. Other employee benefits expenses**

| | | |
|---|---|---|
| Third party services | **1,926,214** | 1,670,464 |
| School fees reimbursement | **357,081** | 330,247 |
| Provident fund | **75,335** | 38,621 |
| Canteen expenses | **13,634** | 7,213 |
| Other staff expenses | **19,620** | 5,646 |
| | **2,391,884** | 2,052,191 |

**21. Amortisation and Depreciation**

| | | |
|---|---|---|
| Depreciation of property, plant and equipment | **192,117** | 82,361 |

**22. Other operating expenses**

| | | |
|---|---|---|
| Rent and property expenses | **623,692** | 277,924 |
| Selling expenses | **991,720** | 355,319 |
| Office expenses | **131,898** | 145,832 |
| General expenses | **1,137,367** | 674,096 |
| | **2,884,677** | 1,453,171 |
| Rent and property expenses | | |
| Office rent | **359,989** | 216,620 |
| Energy | **161,323** | - |
| Cleaning expenses | **102,380** | 61,304 |
| | **623,692** | 277,924 |

### Selling expenses

| | 2022/2023 € | 2021/2022 € |
|---|---|---|
| Travelling and hotel expenses | **928,660** | 284,416 |
| Freight expenses | **22,055** | 46,984 |
| Entertainment | **41,005** | 23,919 |
| | **991,720** | 355,319 |

### Office expenses

| | | |
|---|---|---|
| Telephone and fax expenses | **130,881** | 86,721 |
| Automation expenses | **-** | 41,439 |
| Repairs and maintenance | **811** | 16,715 |
| Printing and stationary | **206** | 957 |
| | **131,898** | 145,832 |
| General expenses | | |
| Insurance premium | **527,287** | 121,764 |
| Professional fees | **484,183** | 390,717 |
| Link charges | **65,389** | 26,657 |
| Audit fees | **37,044** | - |
| Rates & taxes | **(29,601)** | 48,029 |
| Legal fees | **3,360** | 31,715 |
| Bank charges | **8,032** | 28,390 |
| Other | **41,673** | 26,824 |
| | **1,137,367** | 674,096 |

### 23. Financial income and expenses

| | | |
|---|---|---|
| Interest liabilities to group companies | **3,175** | 1,753 |
| Foreign currency exchange rate results | **(41,103)** | 24,090 |
| | **(37,928)** | 25,843 |

### 24. Income tax expense

| | | |
|---|---|---|
| Corporate income tax | **(612,318)** | (325,089) |
| Movement in deferred tax assets | **1,325,000** | - |
| | **712,682** | (325,089) |

### Other Notes

| | | |
|---|---|---|
| Average number of employees | **31-03-2023** | 31-03-2022 |
| Average number of employees over the period working in the Netherlands | **237** | 166 |
| Average number of employees over the period | **237** | 166 |

**Related party transactions**

The identified related parties are: Tech Mahindra Limited.

Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, amongst others, the relationship between the Company and its shareholders, directors and key management personnel. The number of transactions with related parties is minor. For details we refer to the notes to the financial statements.

On current account intercompany balances no interest is charged.

**Signing of the financial statements**

's-Gravenhage, 24 June 2023

| | |
|---|---|
| **Mandar Bhairavkar** | **Sandeep Phadke** |
| Director | Director |

# NTH DIMENSION LIMITED

## OFFICERS AND PROFESSIONAL ADVISORS

### DIRECTORS

Mr. Vikram Narayanan Nair
Mr. Vivek Agarwal
Mr. Sujit Baksi

### REGISTERED OFFICE

1st Floor
Charles Schwab Building
401 Grafton Gate (E)
Milton Keynes
MK9 1AQ

### REGISTERED NUMBER

09593983 (England and Wales)

### AUDITORS

Butler & Co LLP
Chartered Accountants
Third Floor
126-134 Baker Street
London W1U 6UE

# REPORT AND FINANCIAL STATEMENTS

**Year ended 31 March 2023**

The directors present their annual report and the audited financial statements for the year ended 31 March 2023.

The directors' report has been prepared in accordance with the special provisions applicable to companies entitled to the small companies exemption.

## PRINCIPAL ACTIVITY

The company's principal activity is to provide IT Services to the Healthcare and Government sectors in the UK.

## DIVIDENDS AND TRANSFERS TO RESERVES

No dividend was paid in the year. The directors do not recommend the payment of any final dividend in respect of the current financial year.

## DIRECTORS

The directors who served throughout the year and to the date of this report, unless otherwise stated, were:

Sujit Baksi

Vikram Narayanan Nair

Vivek Agarwal

## GOING CONCERN

The Board of Directors reviewed the projected cash flow statement and also the letter of support received from its parent company viz., Tech Mahindra Limited. Based on these, the financial statements have been prepared on a going concern basis.

## DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to: select suitable accounting policies and then apply them consistently; make judgements and accounting estimates that are reasonable and prudent; and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and

- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board.

**Sujit Baksi**
Director
Date: 07-06-2023

**Vikram Nair**
Director
Date: 07-06-2023

# REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF NTH DIMENSION LIMITED

**Opinion**

We have audited the financial statements of Nth Dimension Limited (the 'company') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out above, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

- Enquiries of management, concerning the company's policies and procedures relating to:

* Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance

* Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud

- Discussions among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We undertook the following:

- Performed analytical procedures to identify any unusual relationships

- Tested journal entries to identify unusual transactions

We also obtained an understanding of the legal and regulatory frameworks that the company operates in and performed analytical procedures.

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sanjeev Phadke (Senior Statutory Auditor)
for and on behalf of Butler & Co LLP
Chartered Accountants & Statutory Auditor
Third Floor
126-134 Baker Street
London
W1U 6UE

Date: 7 June 2023

# STATEMENT OF COMPREHENSIVE INCOME

**Year ended 31 March 2023**

| | Note | Year Ended 31-Mar-23 | Year Ended 31-Mar-22 |
|---|---|---|---|
| | | £ | £ |
| Turnover | | - | 3,900 |
| Other Income | | - | 5,880 |
| Cost of Sales | | - | (12,959) |
| **Gross Profit/ (Loss)** | | - | (3,179) |
| Administrative Expenses | | (37,572) | (16,706) |
| **Operating Profit/ (Loss)** | | (37,572) | (19,885) |
| Interest Payable | | - | - |
| **Profit /(Loss) on ordinary activities before tax** | | (37,572) | (19,885) |
| Tax on ordinary activities / deferred tax | | - | 3,375 |
| **Total comprehensive income for the year** | | (37,572) | (23,260) |

The notes form part of the financial statements.

# BALANCE SHEET 31 MARCH 2023

| | Note | **As at Mar-2023** | As at Mar-2022 |
|---|---|---|---|
| | | **£** | £ |
| **NON-CURRENT ASSETS** | | | |
| Deferred tax asset | 4 | **-** | - |
| **CURRENT ASSETS** | | | |
| Debtors | 5 | **98,609** | 111,579 |
| Other taxes and social security | 5 | **697** | - |
| Cash at bank and in hand | | **275,663** | 314,888 |
| | | **374,969** | 426,467 |
| **CREDITORS: amounts falling due within one year** | 6 | **(19,100)** | (33,026) |
| **NET CURRENT ASSETS** | | **355,869** | 393,441 |
| **TOTAL ASSETS LESS LIABILITIES** | | **355,869** | 393,441 |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | | **1,000,012** | 1,000,012 |
| Profit and loss account | | **(644,143)** | (606,571) |
| **SHAREHOLDERS' FUNDS** | | **355,869** | 393,441 |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime. The financial statements have been prepared in accordance with the provisions of Section 1A of FRS 102.

The financial statements of Nth Dimension Limited, registered number 09593983, were approved by the board of directors and authorised for issue as on 07-06-2023.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

**Sujit Baksi**
Director

**Vikram Nair**
Director

The notes form part of the financial statements.

# STATEMENT OF CHANGES IN EQUITY

**Year ended 31 March 2023**

| | Called up share capital £ | Profit and loss account £ | Total £ |
|---|---|---|---|
| At 01 Apr 2022 | 1,000,012 | (606,571) | (393,441) |
| Loss for the period | - | (37,572) | (37,572) |
| At 31 March 2023 | 1,000,012 | (644,143) | (355,869) |

# NOTES TO THE FINANCIAL STATEMENTS

**Year ended 31 March 2023**

## 1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and preceding period.

### General information and basis of accounting

Nth Dimension Limited is a company incorporated in the United Kingdom under the Companies Act.

The company is a private company limited by shares and is registered in England and Wales under company number 09593983. The address of the registered office is given above.

The average monthly number of employees (including executive directors) was 0 (2022: 0).

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102). “The Financial Reporting Standard applicable in the UK” issued by the Financial Reporting Council.

### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered net of discounts and value added taxes.

The Company recognises revenue when the significant risks and rewards of ownership are considered to have been transferred to the buyer, the amount of revenue can be measured reliably, and it is probable that future economic benefits will flow to the entity.

Revenue from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Revenue in respect of service fee income is recognised on an accruals basis at the rate and term specified in the agreement, considering the certainty of realisation.

All revenue is derived from continuing operations within the United Kingdom.

### Interest income

Interest income is recognised using the effective interest rate method.

### Going concern

The Board of Directors reviewed the projected cash flow statement and also the letter of support received from its parent company viz., Tech Mahindra Limited. Based on these, the financial statements have been prepared on a going concern basis.

The Board reviewed the latest cash flow forecast immediate 12 months and they do not foresee any cash flow issues.

### Foreign currency translation

In preparing the financial statements, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

**Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

**i. Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current year or prior period.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

**Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

**Non-financial assets**

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised

**Financial assets**

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**Share Capital**

Ordinary shares are classified as equity. Mandatorily redeemable Preference shares are classified as liabilities.

**Borrowings**

Redeemable Preference shares

Preference shares which are mandatorily redeemable on a specific date are classified as liabilities. The dividends on these shares are taken to Profit and loss account as finance expense.

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**Pensions**

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the year in which they become payable in accordance with the rules of the scheme.

## 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors consider the critical judgement to relate to the impairment of financial assets, in particular trade receivables. The Company's management reviews periodically items classified as trade receivables to assess whether a provision for impairment should be recorded in the profit or loss. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty

## 3. (LOSS) PROFIT BEFORE TAXATION

| | **Year ended 31 March 2023 £** | Year ended 31 March 2022 £ |
|---|---|---|
| **(Loss) profit before taxation is stated after charging:** | | |
| Auditor's remuneration for audit related assurance services | **7,000** | 6,750 |
| Foreign currency profit / (losses) | **-** | (24) |

**4. DEFERRED TAX ASSET**

| | **Year ended 31 March2023 £** | Year ended 31 March2022 £ |
|---|---|---|
| At 1 April 2022 | **-** | 3,375 |
| Deferred tax charged to profit and loss account for the year | **-** | 3,375 |
| At 31 March 2023 | **-** | - |

The amounts of deferred tax provided in the accounts are as follows:

**5. DEBTORS**

| | **2023 £** | 2022 £ |
|---|---|---|
| **Due within one year:** | | |
| Trade debtors | **-** | 12,970 |
| Amounts owed by group undertakings | **98,609** | 98,609 |
| | **98,609** | 111,579 |

The financing element of the non-current trade receivables is deemed to be immaterial and consequently no discounting has been applied in determining the carrying value of the non-current trade receivables.

**6. CREDITORS**

**Amounts falling due within one year:**

| | **2023 £** | 2022 £ |
|---|---|---|
| Trade creditors | **-** | 58 |
| Corporation tax | **1,880** | 1,880 |
| Other taxes and social security | **-** | 1,448 |
| Accruals and deferred income | **17,219** | 29,640 |
| | **19,100** | 33,026 |

**7. RELATED PARTY DISCLOSURES**

The company has taken advantage of the exemption granted to wholly owned subsidiaries not to disclose transactions with other wholly owned group companies under the provisions of Section 33 of FRS 102 “Related Party Disclosures”.

**8. CONTINGENT LIABILITY**

In March /April 2019, the dismissed employees of the company, have filed a case, of unfair dismissal against the company with the London Central Employment tribunal. They have claimed an amount to the tune of ~ £780,000 from the company towards compensation.

The directors of the company are of the view that the company had valid reasons of dismissal of the employees and as such do not acknowledge the claim as debt. The directors have decided to contest the claims as when the details of the proceedings are received.

Therefore, in the opinion of the directors, no provision is required in the accounts in respect of the amount of claim, legal costs and damages.

**9. CONTROLLING PARTY**

The immediate parent company and ultimate parent company is Tech Mahindra Limited, a Company incorporated in India. The registered address of Tech Mahindra Limited is Gateway Building, Apollo Bunder, Mumbai – 400 001, India.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Tech Mahindra Limited. Copies of the Tech Mahindra Limited consolidated financial statements can be obtained at www. techmahindra.com or from the Company Secretary at Rajiv Gandhi Infotech Park, Phase III, Pune, India

# TECH MAHINDRA CERIUM PRIVATE LIMITED

**Board of Directors**
Mr. Vivek Satish Agarwal - Director
Mr. Sudhakar Palisetti – Director
Mr. Narasimham Venkata Rachakonda – Director
Mr. Jayaraman Ganapathy - Independent Director
Mr. Bangre Prabhakararao Sachin Kumar - Independent Director

**Committees of the Board**
**Audit Committee**
Mr. Jayaraman Ganapathy, Chairman
Mr. Bangre Prabhakararao Sachin Kumar
Mr. Vivek Satish Agarwal

**Nomination and Remuneration Committee**
Mr. Vivek Satish Agarwal, Chairman
Mr. Jayaraman Ganapathy
Mr. Bangre Prabhakararao Sachin Kumar

**CSR Committee ( Constituted as on 16th May, 2023)**
Mr. Vivek Satish Agarwal, Chairman
Mr. Jayaraman Ganapathy
Mr. Narasimham Venkata Rachakonda

**Auditors**
M/s. BSR & CO. LLP, CHARTERED ACCOUNTANTS
8th floor, Business Plaza, Westin Hotel Campus,
36/3-8, Koregaon Park Annex, Mundhwa Road, Ghorpadi, Pune - 411001, India

**Bankers**
HDFC Bank Limited

**Registered office**
No. 527, 22nd Main, Sector 1, Agara, HSR Layout, Bangalore
Karnataka 560102 India

# DIRECTORS REPORT

Dear Members,

Your Directors have pleasure in presenting the Tenth Annual Report together with the audited financial statements of the Company for the financial year ended March 31, 2023.

**1. (a) FINANCIAL SUMMARY/ HIGHLIGHTS: (STANDALONE)**

**(₹ in Million)**

| **Particulars** | **FY 2022-23** | **FY 2021-22** |
|---|---:|---:|
| Revenue from operations | 3,937 | 3,196 |
| Other income | 139 | 58 |
| **Total Income** | **4,076** | **3,254** |
| Employee benefits | 2,526 | 2,508 |
| Other expenses | 456 | 346 |
| **Total expense** | **2982** | **2,854** |
| Profit /(Loss) Before Interest and Depreciation | 1093 | 400 |
| Finance costs | 51 | 20 |
| Depreciation and Amortisation | 121 | 74 |
| **Profit /(Loss) Before Tax** | **921** | **306** |
| Tax Expenses | 262 | 188 |
| **Profit /(Loss) After Tax** | **659** | **118** |
| **Other Comprehensive income** | **4** | **(3)** |
| **Total Comprehensive income** | **663** | **115** |
| **Earnings per share [Face value of share ₹ 10/- each]** | | |
| **Basic EPS (in ₹)** | **209.03** | **38.46** |
| **Diluted EPS (in ₹)** | **208.19** | **37.44** |

**1. (b) FINANCIAL SUMMARY/ HIGHLIGHTS: (CONSOLIDATED)**

| **Particulars** | **FY 2022-23** | **FY 2021-22** |
|---|---:|---:|
| Revenue from operations | 4102 | 3,530 |
| Other income | 132 | 56 |
| **Total Income** | **4,234** | **3,586** |
| Employee benefits | 2736 | 2,725 |
| Other expenses | 404 | 362 |
| **Total expense** | **3140** | **3,087** |
| Profit /Loss Before Interest and Depreciation | 1094 | 499 |
| Finance costs | 53 | 21 |
| Depreciation and Amortisation | 124 | 76 |
| **Profit/Loss Before Tax** | **917** | **403** |
| Tax Expenses | 281 | 228 |
| Profit /(Loss) After Tax | 636 | 175 |
| **Other Comprehensive income** | **25** | **7** |
| **Total Comprehensive income** | **661** | **182** |
| **Earnings per share [Face value of share ₹ 10/- each]** | | |
| **Basic EPS (in ₹)** | **201.86** | **56.83** |
| **Diluted EPS (in ₹)** | **201.05** | **55.33** |

2. (a) **REVIEW OF OPERATIONS (STANDALONE):**

The company has made a profit of ₹663 million as compared to the profit of ₹ 115 million in previous year. This year company is performing well and the management of the Company is confident of maintaining a steady progress in future also.

(b) **REVIEW OF OPERATIONS (CONSOLIDATED):**

The Group has made a profit of ₹661 million as compared to the profit of ₹182 million in previous year. This year, the Group is performing well and the management of the Group is confident of maintaining a steady progress in future also.

3. **SHARE CAPITAL:**

The Authorised Share Capital of the Company is ₹ 4,00,00,000/- (Rupees Four Crores) divided into 40,00,000 Equity Shares of ₹ 10/- each. The Issued and paid-up Share Capital of the Company on 31st March,2023 is ₹ 3,16,53,920/- divided into 31,65,392 Equity Shares of ₹ 10/- each as on 31st March,2023.

4. **DIVIDEND AND TRANSFER TO RESERVES:**

The Board of Directors of the Company, after considering holistically the relevant circumstances and keeping in view the company's dividend distribution policy, has decided that it would be prudent, not to recommend any dividend for the year under review

5. **MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING FINANCIAL POSITION OF THE COMPANY OCCURRING BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF REPORT:**

There was no material changes and commitment affecting financial position of the company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

6. **CHANGE IN THE NATURE OF BUSINESS:**

There is no change in the nature of the Business during the financial year under review.

7. **DETAILS OF SUBSIDIARIES, ASSOCIATE OR JOINT VENTURE COMPANIES FOR THE FINANCIAL YEAR 2022-23:**

Your Company has following subsidiaries as on 31st March 2023:

i. Tech Mahindra Cerium Systems Inc (name change effective 14th Dec,2020) in United States of America

ii. Tech Mahindra Cerium Systems SDN. BHD. (name change effective 27th November,2020), Malaysia

Salient features of their financial statements are provided in Form AOC-1 is annexed to this report as Annexure I.

8. **MEETINGS OF THE BOARD OF DIRECTORS:**

The Board of Directors met Four (04) times during this financial year on the following dates:

| Sl. No. | Date of Board Meeting |
|---|---|
| 1 | 10-05-2022 |
| 2 | 10-08-2022 |
| 3 | 18-11-2022 |
| 4 | 10-03-2023 |

9. **DIRECTORS & KEY MANAGERIAL PERSONNEL:**

Pursuant to the provisions of Section 152(6)(c) of the Companies Act, 2013, Mr. Vivek Agarwal (DIN: 05218475) is liable to retire by rotation and offers himself for reappointment.

None of the directors were disqualified during the year under review.

**10. DIRECTOR'S RESPONSIB ILITY STATEMENT:**

Pursuant to section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

b) they have selected such accounting policies and these have been applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) they had prepared the annual accounts on a going concern basis; and

e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

**11. A STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (6) OF SECTION 149:**

The Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

**12. ANNUAL RETURN:**

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return of the Company for the Financial Year 2021-22 is available on the Company's website at https://www.cerium-systems.com/

**13. STATUTORY AUDITOR:**

The Board appointed M/S BSR & CO. LLP, CHARTERED ACCOUNTANTS (FRN 101248W/W-100022) as Statutory Auditors of the Company for a period of Five years and the same was approved by the shareholders at the Annual General Meeting held on 20th July, 2021.

**14. EXPLANATIONS OR COMMENTS BY THE DIRECTORS ON THE QUALIFICATIONS MADE IN THE AUDITORS' REPORT:**

There are no qualifications or adverse remarks in the auditors' report.

**15. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO [RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014]:**

**(A) CONSERVATION OF ENERGY:**

The Company does not have huge consumption of energy as it is not into manufacturing activity. However, efforts have been made to conserve and optimize the use of energy through improved operational methods like maximum use of skylight and other energy saving devices wherever possible.

**(B) TECHNOLOGY ABSORPTION:**

i) The efforts made towards technology absorption;

ii) The benefits derived like product improvement, cost reduction, product development or import substitution;

iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)–

| | | |
|---|---|---|
| (a) | the details of technology imported | NIL |
| (b) | the year of import; | Not applicable |
| (c) | whether the technology been fully absorbed | Not applicable |
| (d) | if not fully absorbed, areas where absorption has not taken place, and the reasons thereof | Not applicable |

The Company at present does not carry out any in-house Research & Development activity.

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Foreign exchange earnings: ₹ 4308 million towards services rendered.

Foreign exchange outgo: ₹ 116 million towards intercompany subcontracting expenses.

**16. DETAILS OF DEPOSITS:**

The company has not received any deposits during the year as per the provision of Section 73 of Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 and as covered under Chapter V of the Companies Act, 2013.

**17. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013:**

Details of loans/ guarantees/ investments made by the company:

| Sl. No. | Particulars | Amount (in ₹) |
|---|---|---|
| 1. | Loans | Nil |
| 2. | Guarantees | Nil |
| 3. | Investments (in subsidiaries) | 4 ,33,88,352/- |
| 4. | Security extended | Nil |

**18. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING**

**CONCERN STATUS AND COMPAN Y'S OPERATIONS IN FUTURE:**

There are no significant and material orders passed by the regulators or Courts or Tribunals impacting the going concern status and the company's operations in future.

**19. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

Your Company has in place a Policy to address Sexual Harassment in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013.All employees (permanent, contractual, temporary, trainees) are covered under this Policy. The following is a summary of sexual harassment complaints received and disposed of during the financial year ending March 31, 2023:

Number of complaints received : NIL Number of complaints disposed off : NIL

**20. DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation was observed.

**21. RISK MANAGEMENT POLICY:**

The provisions related to Risk Management Policy development and implementations are not applicable to your company.

**22. BOARD EVALUATION**

Pursuant to the provisions of the Companies Act the Board devised a Policy on evaluating the performance of Board of Directors, Committees and individual directors. The evaluation was carried out under the guidance of the Chairman of Nomination & Remuneration Committee. The Directors provided a positive feedback on the overall functioning of the Committees and the Board.

**23. TRANSACTIONS WITH RELATED PARTIES:**

All the contracts/arrangements/transactions entered by the Company during the Financial Year with related parties were in the ordinary course of business and on an arm's length basis.

No material related party transactions were made by the Company with its Promoters, Directors or other designated persons which may have a potential conflict with the interest of the Company at large.

In view of the above the required disclosures giving particulars of contracts/arrangements with the related parties in form AOC- 2 is annexed to this report as Annexure II.

**24. CORPORATE SOCIAL RESPONSIBILITY POLICY:**

The Company has complied with the provisions of section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended for the Financial year 2022-23.

The Annual Report on Corporate Social Responsibility Activities of the Company for the Financial Year 2022-23 has been provided in the prescribed format as Annexure III to this report.

**25. MAINTENANCE OF COST RECORDS:**

The Provisions contained in Section 148(1), Companies Act, 2013 are not applicable to the Company for the year under review.

**26. FRAUDS REPORTED BY AUDITORS:**

No frauds have been reported by the Auditor for FY 2022-23.

**27. SECRETARIAL STANDARDS:**

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

**28. VIGIL MECHANISM:**

The Provisions of Vigil Mechanism are not applicable to the Company for the year under review. However, company provides equal opportunities to be heard to all the directors and employees of the company.

**29. PARTICULARS OF EMPLOYEES:**

There is no employee in the Company whose particulars are required to be given under Section 197 of the Companies Act, 2013 read with the Companies (Appointment Remuneration of Managerial Personal) Rules, 2014.

**30. AUDIT COMMITTEE:**

Pursuant to the provisions of Sub-section (8) of section 177 of the Act, the Company has constituted Audit committee on 9th June, 2021. The Composition of the Audit Committee is as mentioned below:

- Mr Jayaraman Ganapathy, Chairman
- Mr Vivek Satish Agarwal
- Mr. Bangre Prabhakararao Sachin Kumar

**31. NOMINATION & REMUNERATION COMMITTEE:**

Pursuant to the provisions of Section 178 of the Act, the Company has constituted Nomination & Remuneration committee on 10th May, 2022. The Composition of the Committee is as mentioned below:

Mr. Vivek Satish Agarwal, Chairman

Mr. Jayaraman Ganapathy

Mr. Bangre Prabhakararao Sachin Kumar

**32. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CONSTITUTED ON 16TH MAY, 2023) :**

Pursuant to the provisions of Section 135 of the Act, the Company has constituted Corporate Social Responsibility Committee on 16th May, 2023. The Composition of the Committee is as mentioned below:

Mr. Vivek Satish Agarwal, Chairman

Mr. Jayaraman Ganapathy

Mr. Narasimham Venkata Rachakonda

**33. ACKNOWLEDGEMENTS:**

Your directors place on record their sincere thanks to bankers, employees, consultants, and various Government Authorities for their continued support extended to your Company's activities during the year under review. Your Directors also acknowledge gratefully the shareholders for their support and confidence reposed on your Company.

**For and on behalf of Board of Directors**
**Tech Mahindra Cerium Private Limited**

| | |
|---|---|
| **Director** | **Director** |
| **Vivek Satish Agarwal** | **Sudhakar Palisetti** |
| **DIN: 05218475** | **DIN: 02861107** |

**Date: 23rd May, 2023**
**Place: Bangalore**

# ANNEXURE I

# FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statements of subsidiaries/associate companies/joint ventures**

**Part "A": Subs idiaries**

(Information in respect of each subsidiary to be presented with amounts in ₹)

| Sl. No. | Particulars | Details | Details |
|---|---|---|---|
| 1 | Name of the subsidiary | Tech Mahindra Cerium Systems Inc | Tech Mahindra Cerium Systems SDN. BHD. |
| 2 | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | January 2022 to December 2022 | January 2022 to December 2022 |
| 3 | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | USD (Exchange Rate 1USD = 82.697 INR) | MYR (Exchange Rate 1MYR = 18.7898 INR) |
| 4 | Share capital | 12,480 | 43,375,872 |
| 5 | Reserves & surplus | 121,648,351 | 86,168,324 |
| 6 | Total assets | 154,783,935 | 168,422,002 |
| 7 | Total Liabilities | 33,119,138 | 37,092,979 |
| 8 | Investments | 0 | 0 |
| 9 | Turnover | 245,928,292 | 202,447,313 |
| 10 | Profit before taxation | -28,085,721 | 55,938,076 |
| 11 | Provision for taxation | 289,746 | 7,838,481 |
| 12 | Profit after taxation | -28,375,468 | 48,099,595 |
| 13 | Proposed Dividend | 0 | 0 |
| 14 | % of shareholding | 100% | 100% |

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations
2. Names of subsidiaries which have been liquidated or sold during the year.

**For and on behalf of Board of Directors**
**Tech Mahindra Cerium Private Limited**

**Director**
**Vivek Satish Agarwal**
**DIN: 05218475**

**Director**
**Sudhakar Palisetti**
**DIN: 02861107**

**Date: 23rd May, 2023**
**Place: Bangalore**

# ANNEXURE II

## PARTICULARS OF CONTRACTS/ARRANGEMENTS MADE WITH THE RELATED PARTIES

**(AOC-2)**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**1. Details of contracts or arrangements or transactions not at arm's length basis.**

There were no contracts or arrangements or transactions entered during the year ended March 31, 2023, which were not at arm's length basis.

| Name(s) of the related party | Nature of relationsh ip | Nature of contracts/ arrang ements/ transacti ons | (d) Duration of the contracts/ arrange ments/ transaction s | Salient terms of the contracts or arrangements or transactions including the value, if any | Date(s) of approval by the Board, if any : | Amount paid as advances, if any: |
|---|---|---|---|---|---|---|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) |
| NIL | NIL | NIL | NIL | NIL | NIL | NIL |

**2. Details of material contracts or arrangement or transactions at arm's length basis.**

| Name(s) of the related party | Nature of relationship | Natureof contracts/ arrang ements/ transacti ons | (d) Duration of the contracts/ arrangem ents/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Date(s) of approval by the Board, if any: | Amount paid as advances, if any: |
|---|---|---|---|---|---|---|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) |
| Tech Mahindra Cerium Systems Inc | Subsidiary company | 1) Revenue from Operations | On going | NIL | NIL | NIL |
| | | 2) Subcontracting expenses | | | | |
| Tech Mahindra Limited | Holding company | 1) Revenue from Operations | On going | NIL | NIL | NIL |
| | | 2) Reimbursement of expenses | | | | |
| | | 3) Rental expenses | | | | |
| Tech Mahindra Cerium Systems SDN. BHD. | Subsidiary company | 1) Revenue from | | | | |
| | | Operations | | | | |
| | | 2) Subcontracting expenses | On going | NIL | NIL | NIL |
| | | 3) Reimbursement of expenses | | | | |
| TECH MAHINDRA ICT SERVICES (MALAYSIA ) SDN BHD | Subsidiary of Holding Company | Reimbursement of expenses | On going | NIL | NIL | NIL |
| Sudhakar Palisetti | KMP | Remuneration | On going | NIL | NIL | NIL |

Note: All the transactions with the related parties are entered by the Company during the ordinary course of business. But as a good corporate practice the details of the same are disclosed hereunder.

**For and on behalf of Board of Directors**
**Tech Mahindra Cerium Private Limited**

| | |
|---|---|
| **Director** | **Director** |
| **Vivek Satish Agarwal** | **Sudhakar Palisetti** |
| **DIN: 05218475** | **DIN: 02861107** |

**Date: 23rd May, 2023**
**Place: Bangalore**

# ANNEXURE III

**Annual Report on Corporate Social Responsibility Activities of Tech Mahindra Cerium Private Limited for the Financial Year 2022-2023**

CIN NO.: U72200KA2013PTC070882
Regd. Office : No 527, 22nd Main Road, Sector 1, HSR Layout Bangalore, Karnataka 560102, India
e-mail : contactus@cerium-systems.com , website : www.cerium-systems.com Tel: 080 - 41330156

**Introduction**

Tech Mahindra Cerium Private Limited, (hereinafter referred to as Company), is in the business of computer and related activities. The Company strives for holistic business growth. The company belives that alongwith economic performance, environmental and social stewardship is also required. The Company's focus has always been to contribute towards the sustainable development of society and environment.

The Corporate Social Responsibility (CSR) Contribution amount being less than Rupees Fifty Lacs for the Financial year 2022-2023, functions of the CSR Committee provided under section 135 of the Companies Act, 2013 are being discharged by the Board of Directors.

1. **Brief outline on CSR Policy of the Company.**

   CSR Policy of the company aims to:

   - Demonstrate commitment to the common good through responsible business practices and good governance.
   - Actively support and be part of the state's development agenda to ensure sustainable change.

2. **Composition of CSR Committee.**

   The functions of the CSR Committee provided under section 135 of the Companies Act, 2013 are being discharged by the Board of Directors.

**Board of Directors:**

Mr Vivek Satish Agarwal

Mr Narasimham Venkata Rachakonda

Mr. Jayaraman Ganapathy

Mr. Sudhakar Palisetti

Mr. Sachin Kumar BP

3. **Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.**

   The CSR policy of the company can be accessed on the website of the Company https://www.cerium-systems.com/

4. **Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014. – N.A.**

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year. - NIL**

6. **Average net profit of the company as per section 135(5).**

   FY 19-20 – ₹ (9,23,72,214)

   FY 20-21 -- ₹ (11,50,36,164)

   FY 21-22 -- ₹31,10,47,948/-

   The Average Net Profit before Tax is ₹ 3,45,46,523/-

7. (a) **Two percent of average net profit of the company as per section 135(5) – ₹ 6,90,930/-**
   (b) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years. – NIL**
   (c) **Amount required to be set off for the financial year, if any – NIL**
8. (d) **Total CSR obligation for the financial year (7a+7b-7c). – ₹ 6,90,930/-**
   (a) **CSR amount spent or unspent for the financial year 2022-2023**

| | **Amount Unspent (in ₹) - NIL** | | | | |
|---|---|---|---|---|---|
| **Total Amount Spent for the Financial Year. (in ₹)** | **Total Amount transferred to Unspent CSR Account as per section 135(6).** | | **Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).** | | |
| | Amount. | Date of transfer. | Name of the Fund | Amount. | Date of transfer. |
| ₹ 6,90,930/- | NIL | N.A. | N.A. | NIL | N.A. |

(b) **Details of CSR amount spent against ongoing projects for the financial year 2022-2023:**

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Sl.** | **Name of the Project.** | **Item from the list of activiti es in Schedu le VII to the Act.** | **Local area (Yes/ No).** | **Location of the project.** | | **Proje ct durat ion.** | **Amount allocated for the project (in ₹).** | **Amount spent in the current financial Year (in ₹).** | **Amoun t transfer red to Unspen t CSR Accoun t for the project as per Section 135(6) (in ₹).** | **Mode of Imple mentat ion - Direct (Yes/N o).** | **Mode of Implementatio n - Through Implementing Agency** | |
| No. | | | | Sta te. | Distr ict. | | | | | | Name | CSR Registr ation numbe r. |
| NIL | | | | | | | | | | | | |

(c) **Details of CSR amount spent against other than ongoing projects for the financial year 2022-2023:**

| (1) | (2) | | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Sl. No .** | **Name of the Proje ct** | **Program me** | **Item from the list of activitie s in schedul e VII to the Act.** | **Loca l area (Yes / No).** | **Location of the project.** | | **Proje ct durat ion.** ₹ | **Amount allocated for the project (in ₹).** | **Mode of implementation - Through implementing agency.** | |
| | | | | | State. | District. | | | Name. | CSR registration number. |
| 1 | Educa tion | MEI | Schedul e VII, Item 2 (promot ing educatio n, includin g | No | Delhi | | 6,90,930/- | No | Mahindra Education Institution | CSR00001815 |
| | | | special educatio n and employ ment enhanci ng vocatio n skills especial ly among children women, elderly, and the differen tly abled and liveliho od enhance ment projects) | | | | | | | |
| | **Total** | | | | | **6,90,930/-** | | | | |

(d) Amount spent in Administrative Overheads - NIL

(e) Amount spent on Impact Assessment – N.A.

(f) Total amount spent for the Financial Year 2022-2023 (8b+8c+8d+8e) – ₹ 6,90,930/-

(g) Excess amount for set off – NIL

| | | |
|---|---|---|
| (i) | Two percent of average net profit of the company as per section 135(5) | 6,90,930/- |
| (ii) | Total amount spent for the Financial Year | 6,90,930/- |
| (iii) | Excess amount spent for the financial year [(ii)- (i)] | NIL |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | NIL |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | NIL |

**9. (a) Details of Unspent CSR amount for the preceding three financial years: NIL**

| Sl. No. | Preceding Financial Year. | Amount transferred to Unspent CSR Account under section 135 (6) (in ₹) | Amount spent in the reporting Financial Year (in ₹). | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. | | | Amount remaining to be spent in succeeding financial years. (in ₹) |
|---|---|---|---|---|---|---|---|
| | | | | Name of the Fund | Amount (in ₹). | Date of transfer. | |
| 1 | 2019-2020 | NIL | NIL | NIL | NIL | NIL | NIL |
| 2 | 2020-2021 | NIL | NIL | NIL | NIL | NIL | NIL |
| 3 | 2021-2022 | NIL | NIL | NIL | NIL | NIL | NIL |
| | Total | NIL | NIL | NIL | NIL | NIL | NIL |

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NIL**

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|---|---|---|---|---|---|---|---|
| Sl. No. | Project ID. | Name of the Project. | Financial Year in which the project was commenced. | Project duration. | Total amount allocated for the project (in ₹). | Amount spent on the project in the reporting Financial Year (in ₹). | Cumulative amount spent at the end of reporting Financial Year. (in ₹) | Status of the project -Completed / Ongoing. |
| 1 | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| | Total | | | | | | | |

**10. Details relating to the asset created or acquired through CSR spent in the financial year-N.A.**

(a) Date of creation or acquisition of the capital asset(s). – N.A.

(b) Amount of CSR spent for creation or acquisition of capital asset. – N.A.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. – N.A.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). – N.A

**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). – N.A.**

**For and on behalf of Board of Directors**
**Tech Mahindra Cerium Private Limited**

| | |
|---|---|
| **Director** | **Director** |
| **Vivek Satish Agarwal** | **Sudhakar Palisetti** |
| **DIN: 05218475** | **DIN: 02861107** |

**Date: 23rd May, 2023**
**Place: Bangalore**

# INDEPENDENT AUDITOR'S REPORT

**To the Members of Tech Mahindra Cerium Private Limited (Formerly known as Cerium Systems Private Limited)**

**Report on the Audit of the Standalone Financial Statements**

### Opinion

We have audited the standalone financial statements of Tech Mahindra Cerium Private Limited (Formerly known as Cerium Systems Private Limited) (the "Company") which comprise the standalone balance sheet as at 31 March 2023, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 31 March 2023, and its profit 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 SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Management and Board of Directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Company's Director's report, but does not include the financial statements and auditor's report(s) thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

### Management's and Board of Directors Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are 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 the Board of Directors 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 Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 with reference to 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 the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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, 2020 (“the Order”) issued by the Central Government of India in terms of Section 143(11) 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 A. 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.

B. 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:

a. The Company does not have any pending litigations which would impact its financial position.

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

d (i) The management has represented that, to the best of its knowledge and belief, as disclosed in

the Note 42 (IV) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ii) The management has represented, that, to the best of its knowledge and belief, as disclosed in the Note 42 (V) to the standalone financial statements, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The Company has neither declared nor paid any dividend during the year.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

**ASHISH GUPTA**
Digitally signed by ASHISH GUPTA
Date: 2023.05.23 14:28:55 +05'30'

**Ashish Gupta**
Partner
Membership No.: 215165
ICAI UDIN:23215165BGXRHV1717

Place: London, UK
Date: 23 May 2023

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF TECH MAHINDRA CERIUM PRIVATE LIMITED (FORMERLY KNOWN AS CERIUM SYSTEMS PRIVATE LIMITED) FOR THE YEAR ENDED 31 MARCH 2023

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of 3 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies/discrepancy were/was noticed on such verification.

(c) The Company does not have any immovable property (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company is a service company, primarily rendering primarily rendering information technology and related services. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by the Company. Accordingly, clause 3(vi) of the Order is not applicable.

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Tech Mahindra Cerium Private Limited (Formerly known as Cerium Systems Private Limited) for the year ended 31 March 2023 (Continued)

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of Provident fund and Employees' State Insurance.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues, which have not been deposited with the appropriate authorities on account of any dispute.

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Act.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries (as defined under the Act).

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of 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. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

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

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) has more than one CIC as part of the Group. The Group has four CICs as part of the Group

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Tech Mahindra Cerium Private Limited (Formerly known as Cerium Systems Private Limited) for the year ended 31 March 2023 (Continued) period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

**ASHISH GUPTA**
Digitally signed by ASHISH GUPTA
Date: 2023.05.23 14:28:55 +05'30'

**Ashish Gupta**
Partner
Membership No.: 215165
ICAI UDIN:23215165BGXRHV1717

Place: London, UK
Date: 23 May 2023

# ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF TECH MAHINDRA CERIUM PRIVATE LIMITED (FORMERLY KNOWN AS CERIUM SYSTEMS PRIVATE LIMITED) FOR THE YEAR ENDED 31 MARCH 2023

**Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act**

**(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

## Opinion

We have audited the internal financial controls with reference to financial statements of Tech Mahindra Cerium Private Limited (Formerly known as Cerium Systems Private Limited) ("the Company") as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

## Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Act.

## Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 judgement, including the assessment of the risks of material misstatement of the standalone 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 with reference to financial statements.

## Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 standalone 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 standalone financial statements.

**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

**ASHISH GUPTA**
Digitally signed by ASHISH GUPTA
Date: 2023.05.23 14:28:55 +05'30'

**Ashish Gupta**
Partner
Membership No.: 215165
ICAI UDIN:23215165BGXRHV1717

Place: London, UK
Date: 23 May 2023

# STANDALONE BALANCE SHEET

**As at 31 March 2023**

| | Note No. | 31-Mar-23 | 31-Mar-22 |
|---|---|---|---|
| | | Amount in million | |
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| (a) Property, Plant and Equipment | 3 | **10** | 14 |
| (b) Right-of-Use Asset | 4 | **381** | 391 |
| (c) Intangible Assets | 5 | **-** | 0 |
| (d) Financial Assets | | | |
| (i) Investments | 6 | **43** | 43 |
| (ii) Other Financial Assets | 7 | **823** | 41 |
| (e) Deferred Tax Assets (Net) | 37 | **55** | 39 |
| (f) Other Non-Current Assets | 8 | **12** | 13 |
| **Total Non-Current Assets** | | **1,324** | 541 |
| **Current Assets** | | | |
| (a) Financial Assets | | | |
| (i) Trade Receivables | 9 | | |
| (1) Billed | | **314** | 247 |
| (2) Unbilled | | **88** | 56 |
| (ii) Cash and Cash Equivalents | 10 | **170** | 695 |
| (iii) Bank balances other than (ii) above | 11 | **504** | - |
| (iv) Other Financial Assets | 12 | **7** | 1 |
| (b) Other Current Assets | 13 | **463** | 472 |
| **Total Current Assets** | | **1,546** | 1,471 |
| **Total Assets** | | **2,870** | 2,012 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity Share Capital | 14 | **32** | 31 |
| (b) Other Equity | 15 | **1,868** | 1,056 |
| Total Equity | | **1,900** | 1,087 |
| **LIABILITIES** | | | |
| **Non-Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Lease Liabilities | 36 | **326** | 333 |
| (ii) Other Financial Liabilities | 16 | **-** | 50 |
| (b) Provisions | 17 | **58** | 51 |

Amount in million

| | Note No. | 31-Mar-23 | 31-Mar-22 |
|---|---|---|---|
| **Total Non - Current Liabilities** | | **384** | 434 |
| **Current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Lease Liabilities | 36 | **99** | 73 |
| (ii) Trade Payables | | | |
| (1) Total outstanding dues to micro enterprises and small enterprises | 33 | **17** | 46 |
| (2) Total outstanding dues of creditors other than micro enterprises and small enterprises | 33 | **60** | 134 |
| (iii) Other Financial Liabilities | 18 | **111** | 29 |
| (b) Other Current Liabilities | 19 | **79** | 67 |
| (c) Provisions | 20 | **8** | 6 |
| (d) Current Tax Liabilities (Net) | | **212** | 136 |
| **Total Current Liabilities** | | **586** | 491 |
| **Total Equity and Liabilities** | | **2,870** | 2,012 |
| **Significant Accounting Policies** | 1-2 | | |
| **Notes to the standalone financial statements** | 3-42 | | |

The notes referred to above from an integral part of the standalone financial statements

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm registration Number :101248W / W-100022

**Ashish Gupta**
Partner
Membership No.215165
Place: London, UK
Date: 23 May 2023

For and on behalf of the Board of Directors of

**Tech Mahindra Cerium Private Limited**
CIN:U72200KA2013PTC070882

**Sudhakar Palisetti**
Director
DIN: 02861107
Place: Bangalore
Date: 23 May 2023

**Vivek Satish Agarwal**
Director
DIN: 05218475
Place: Bangalore
Date: 23 May 2023

# STANDALONE STATEMENT OF PROFIT AND LOSS

**for the year ended 31 March 2023**

Amount in million

| | | Note No. | For the year ended 31-Mar-2023 | For the year ended 31-Mar-2022 |
|---|---|---|---|---|
| I | Revenue from Operations | 21 | **3,937** | 3,196 |
| II | Other Income | 22 | **139** | 58 |
| **III** | **Total Income (I +II)** | | **4,076** | 3,254 |
| **IV** | **EXPENSES** | | | |
| | Employee Benefit Expenses | 23 | **2,526** | 2,508 |
| | Subcontracting Expenses | | **374** | 298 |
| | Finance Costs | 24 | **51** | 20 |
| | Depreciation and Amortisation Expense | 25 | **121** | 74 |
| | Other Expenses | 26 | **83** | 48 |
| | **Total Expenses** | | **3,155** | 2,948 |
| **V** | **Profit Before Tax (III-IV)** | | **921** | 306 |
| **VI** | **Tax Expense** | | | |
| | Current tax | 37 | **280** | 193 |
| | Deferred Tax Charge/(credit) | 37 | **(18)** | (5) |
| | **Total Tax Expense** | | **262** | 188 |
| **VII** | **Profit After Tax** | | **659** | 118 |
| **VIII** | **Other Comprehensive Income** | | | |
| | Items that will not be re-classified to Profit or Loss | | | |
| | - Remeasurements of the Defined Benefit Liabilities - Gain/(Loss) | 35 | **5** | (4) |
| | - Income tax relating to items that will not be reclassified to Profit or Loss | 37 | **(1)** | 1 |
| | Net other comprehensive income not to be reclassified subsequently to profit or loss | | **4** | (3) |
| **IX** | **Total Other Comprehensive Income/(Loss)** | | **4** | (3) |
| **X** | **Total Comprehensive Income for the year (VII + IX)** | | **663** | 115 |
| | **Earnings per share ('EPS') of nominal value of share ₹10 (31 March, 2023 : ₹ 10) (31 March 2022: ₹ 10)** | | | |
| | Basic EPS | 38 | **209.03** | 38.46 |
| | Diluted EPS | 38 | **208.19** | 37.44 |
| **Significant Accounting Policies** | | 1-2 | | |
| **Notes to the standalone financial statements** | | 3-42 | | |

The notes referred to above from an integral part of the standalone financial statements

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm registration Number :101248W / W-100022

**Ashish Gupta**
Partner
Membership No.215165
Place: London, UK
Date: 23 May 2023

For and on behalf of the Board of Directors of

**Tech Mahindra Cerium Private Limited**
CIN:U72200KA2013PTC070882

**Sudhakar Palisetti**
Director
DIN: 02861107
Place: Bangalore
Date: 23 May 2023

**Vivek Satish Agarwal**
Director
DIN: 05218475
Place: Bangalore
Date: 23 May 2023

# STANDALONE STATEMENT OF CASH FLOWS

**for the year ended 31 March 2023**

Amount in million

| | **For the year ended 31-Mar-2023** | For the year ended 31-Mar-2022 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| **Profit/(Loss) Before Tax** | **921** | 306 |
| Adjustments for : | | |
| Depreciation and Amortisation Expenses | **121** | 73 |
| Net (gain)/loss on disposal of Property, Plant and Equipment and Intangible Assets | **(0)** | - |
| Finance Costs | **51** | 20 |
| Employment linked Contingent Consideration (Refer Note 23) | **149** | 550 |
| Unrealised Exchange (Gain) / Loss (net) | **(1)** | (2) |
| Interest Income | **(39)** | (2) |
| | **1,202** | 945 |
| **Changes in working capital :** | | |
| Trade Payables | **(86)** | 146 |
| Other financial liabilities, other liabilities and provisions | **39** | 19 |
| Trade Receivables | | |
| (1) Billed | **(66)** | (107) |
| (2) Unbilled | **(88)** | (39) |
| Contract assets | **51** | (297) |
| Other financial assets and other assets | **6** | (57) |
| **Cash generated from operating activities before taxes** | **1,058** | 610 |
| Income taxes paid, net | **(204)** | (67) |
| **Net cash generated from Operating activities (A)** | **854** | 543 |
| **Cash Flow from Investing Activities:** | | |
| Purchase of property plant and equipment and intangible assets (net of disposal) | **(8)** | (4) |
| Investment in fixed depoits with banks having original maturity of more than 3 months | **(1,254)** | - |
| Interest income received | **13** | 2 |

Amount in million

| | For the year ended 31-Mar-2023 | For the year ended 31-Mar-2022 |
|---|---|---|
| **Net cash generated used in Investing activities (B)** | **(1,249)** | (2) |
| **Cash Flow from Financing Activities:** | | |
| Proceeds from Issuance of Equity Shares from exercise of stock options | **1** | 1 |
| Buy back of equity shares | **-** | (11) |
| Tax on buy back of equity shares | **-** | (2) |
| Repayment of lease liabilities | **(80)** | (51) |
| Interest paid | **(51)** | (20) |
| **Net Cash Flow from Financing Activities ( C )** | **(130)** | (83) |
| **Net Increase in cash and cash equivalents during the year (D) = (A+B+C)** | **(525)** | 458 |
| **Cash and cash Equivalent at the beginning of the year (E)** | **695** | 237 |
| **Cash and Cash Equivalents at the end of the year (F) = (D+E) (refer note 10)** | **170** | 695 |

The notes referred to above from an integral part of the standalone financial statements

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm registration Number :101248W / W-100022

**Ashish Gupta**
Partner
Membership No.215165
Place: London, UK
Date: 23 May 2023

For and on behalf of the Board of Directors of

**Tech Mahindra Cerium Private Limited**
CIN:U72200KA2013PTC070882

**Sudhakar Palisetti**
Director
DIN: 02861107
Place: Bangalore
Date: 23 May 2023

**Vivek Satish Agarwal**
Director
DIN: 05218475
Place: Bangalore
Date: 23 May 2023

# STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

(All amounts are Indian Rupees in million except per share and number of shares data, and ‘0’ represents amount less than million )

### A. Equity Share Capital

| Balance as at 1 April 2022 | Changes in Equity Share Capital during the year | Balance as at 31 March 2023 |
|---|---|---|
| 31 | 1 | 32 |

| Balance as at 1 April 2021 | Changes in Equity Share Capital during the year | Balance as at 31 March 2022 |
|---|---|---|
| 30 | 1 | 31 |

### B. Other Equity

| Particulars | Share application Money pending allotment | Reserves & Surplus | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Capital reserve | Securities Premium | Share Option Outstanding Account | Capital Redemption Reserve | Retained Earnings | |
| Balance as at 1 April 2022 | - | 865 | 234 | 54 | 0 | (97) | 1,056 |
| Profit for the year | | | | | | 659 | 659 |
| Other Comprehensive Income (On Account of Employee benefits) | | | | | | 4 | 4 |
| Transfer from share option outstanding account on exercise of stock options | | | 54 | | | | 54 |
| Transfer to secutities premium on exercise of stock options | | | | (54) | | | (54) |
| Received on exercise of stock options | 1 | | | | | | 1 |
| Transfer on allotment of Equity shares | (1) | | | | | | (1) |
| Contribution from holding Company toward employee compensation | | 149 | | | | | 149 |
| Amortised Amount of Share Based Payments to Employees (net) for the year | | | | | | | - |
| Transfer to retained earnings on account of lapsed stock options | | | | | | - | - |
| Balance as at 31 March 2023 | - | 1,014 | 288 | - | 0 | 566 | 1,868 |

| Particulars | Share application Money pending allotment | Reserves & Surplus | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Capital reserve | Securities Premium | Share Option Outstanding Account | Capital Redemption Reserve | Retained Earnings | |
| Balance as at 1 April 2021 | - | 315 | 188 | 113 | - | (213) | 403 |
| Profit for the year | | | | | | 118 | 118 |
| Other Comprehensive Income (On Account of Employee benefits) | | | | | | (3) | (3) |
| Transfer from share option outstanding account on exercise of stock options | | | 57 | | | | 57 |
| Transfer to securities premium on exercise of stock options | | | | (57) | | | (57) |
| Transfer from secutities premium on buy back of equity shares | | | (11) | | | | (11) |
| Tax on buy back of Equity shares | | | | | | (1) | (1) |
| Transfer from Equity shares on account of buy back of equity shares | | | | | 0 | | 0 |
| Received on exercise of stock options | 1 | | | | | | 1 |
| Transfer on allotment of Equity shares | (1) | | | | | | (1) |
| Contribution from holding Company toward employee compensation | | 550 | | | | | 550 |
| Transfer to retained earnings on account of lapsed stock options | | | | (2) | | 2 | - |
| Balance as at 31 March 2022 | - | 865 | 234 | 54 | 0 | (97) | 1,056 |

**Nature & purpose of reserves -**

**Securities premium :**

Securities premium is used to record the premium received on issue of shares. It is utilized in accordance with the provisions of the Companies Act, 2013.

**Capital Reserve:**

Capital Reserve has been created on account of employment linked contingent consideration payable by Tech Mahindra Limited to certain employees of the Company pursuant to share purchase agreement entered between Tech Mahindra Limited, the Company and its erstwhile shareholders dated 9 April, 2020.

**Retained Earnings:**

Retained earnings are the profit/(loss) that a Company has earned/incurred to date, less any dividends or other distributions paid to shareholders.

**Share option outstanding Account**

The Company has established equity settled share based payment plans for ceratin categories of employees of the Company. Refer Note 31 for further details.

**Capital Redemption Reserve**

As per Companies Act, 2013, capital redemption reserve is created when Company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of the shares so purchased is transferred to capital redemption reserve. The reserve is utilised in accordance with the provisions of section 69 of the Companies Act, 2013.

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm registration Number :101248W / W-100022

**Ashish Gupta**
Partner
Membership No.215165
Place: London, UK
Date: 23 May 2023

For and on behalf of the Board of Directors of

**Tech Mahindra Cerium Private Limited**
CIN:U72200KA2013PTC070882

**Sudhakar Palisetti**
Director
DIN: 02861107
Place: Bangalore
Date: 23 May 2023

**Vivek Satish Agarwal**
Director
DIN: 05218475
Place: Bangalore
Date: 23 May 2023

# NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts are Indian Rupees in million except per share and number of shares data, and ‘0’ represents amount less than million )

**1 Corporate Information:**

Tech Mahindra Cerium Private Limited (Formerly known as Cerium Systems Private Limited) was incorporated on 5th day of September 2013 as a Company with the limited liability under the Companies Act, 1956. The Company is engaged into providing design services in semi-conductor industry and embedded software services. The address of the registered office is No.527, 22nd Main, Sector-1, Agara, HSR Layout, Karnataka, Bangalore-560102. The Company was acquired by Tech Mahindra Limited pursuant to a share purchase agreement dated 09 April 2020. Accordingly, as per the proviso to section 2(71) of the Companies Act, 2013, the Company is deemed to a public company.

The Board of Directors approved the standalone financial statements for the year ended 31 March 2023 and authorized for issue on 23 May 2023.

**2 Significant accounting policies:**

**2.1 Statement of Compliance:**

These Standalone financial statements have been prepared in accordance with the Indian Accounting Standard (referred to as “Ind AS”) prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

**2.2 Basis for preparation of standalone financial statements**

These standalone financial statements are presented in Indian rupees million which is also the Company’s functional currency. All amounts have been reported in Indian Rupees except for share and earnings per share data, unless otherwise stated. These standalone financial statements have been prepared on the historical cost basis and on an accrual basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.All assets and liabilities have been classified as current and non-current as per the Company’s normal operating cycle.

**Current/ Non-current classification**

The Company classifies an asset as current asset when:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is 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 classified as current when –

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months

after the reporting period. Terms of a liability that could, at the option of the counterparty,

result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company's normal operating cycle is twelve months.

In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purpose in these standalone financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 Share-based Payments, leasing transactions that are within the scope of Ind AS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as 'value in use', in Ind AS 36 Impairment of assets.

**2.3 Use of Estimates:**

The preparation of standalone financial statements requires the management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of standalone financial statements, disclosure of contingent liabilities as at the date of the standalone financial statements and the reported amounts of income and expenses during the reported period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**Critical accounting estimates**

**i) Revenue Recognition**

The Company applies the percentage of completion method in accounting for its fixed price development contracts. Use of the percentage of completion method requires the Company to estimate the efforts or costs expended to date (input method) as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations. The Company exercises judgments while determining the transaction price allocated to performance obligations using the expected cost plus margin approach.

**ii) Property, plant and equipment**

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation 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 at the end of each reporting period. 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. The policy for the same has been explained under Note 2.4

**iii) Impairment testing**

Investments in subsidiaries and intangible assets are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or cash generating units to which these pertain is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to dispose. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions. The policy for the same has been explained under Note 2.7.

**iv) Provisions**

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. The policy for the same has been explained under Note 2.16.

**v) Defined benefit plans and compensated absences**

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. 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 policy for the same has been explained under Note 2.10.

**vi) Expected credit losses on financial assets**

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. The policy for the same has been explained under Note 2.7.

**vii) Other estimates**

The share based compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

**2.4 Property, Plant & Equipment and Intangible assets:**

Property, Plant & Equipment and intangible assets are stated at cost less accumulated depreciation/amortisation and net of impairment. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable costs of bringing the item to its working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located. 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 as at each reporting date is disclosed under capital work in progress.

Depreciation on Property, Plant & Equipment (including assets taken on lease), other than freehold land, is charged based on the straight line method on the estimated useful life as prescribed in Schedule II to the Companies Act, 2013 except in respect of the certain categories of assets, where the life of the assets has been assessed based on internal technical estimate, considering the nature of the asset and estimated usage of the asset, the operating conditions of asset, past history of replacement, anticipated technological changes.

| Particulars | Life |
|---|---|
| Furniture and Fixtures | 5 years |
| Vehicles | 5 years |
| Computers | 3 years |
| Office Equipments | 5 years |

The estimated useful life of intangible assets (software) is 1 to 4 years and these are amortized on a straight line basis. Project specific intangible assets are amortized over their estimated useful life on a straight line basis or over the period of the license/project period, whichever is lower.

The estimated useful life and residual values of Property, Plant & Equipment and Intangible assets are reviewed at the end of each reporting period.

Assets acquired under leasehold improvements are amortized over the shorter of estimated useful life of the asset or the related lease term.

An item of Property, Plant & Equipment and intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant & Equipment and intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

When the use of a property changes from owner occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

**2.5 Leases:**

At inception of the contract, the Company determines whether the contract is a lease or contains a lease arrangement. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of- use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of- use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the standalone statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re- measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in standalone statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

**Company as a lessor**

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue to allocate the consideration in the contract.

**2.6 Impairment of Assets:**

**i) Financial assets**

The Company applies the expected credit loss model for recognizing impairment loss on financial assets.

Expected credit loss is the difference between the contractual cash flows and the cash flows that the entity expects to receive discounted using effective interest rate.

For trade receivables that do not contain a significant financing component, the Company apply simplified approach. The Company uses simplified approach to calculate impairment on trade receivables and has not assessed credit risk individually. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

**ii) Non Financial assets**

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 Unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the standalone statement of profit and loss.

**2.7 Revenue recognition:**

Revenue from business include revenue earned from services rendered on 'time and material' basis and fixed price development contracts.

Revenue is recognised at transaction price upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services, net of indirect taxes, discounts, rebates, credits, price concessions, incentives, performance bonuses, penalties, or other similar items.

Revenue from time and material contracts is recognised as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognised as unbilled revenue.

Revenue on fixed price development contracts is recognised using the 'percentage of completion' method of accounting, unless work completed cannot be reasonably estimated. 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 recognised 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 recognised in the standalone statement of profit and loss in the period in which such losses become probable based on the current contract estimates.

Contracts assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract liability ("Unearned revenue") arises when there are billing in excess of revenue.

Fixed price development contracts and related services, the performance obligation is satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

The Company accounts for volume discount and pricing incentives to customers as a reduction based on ratable allocation of the discounts/ incentives amount to each of the underlying performance obligation that corresponds to the progress made by the customer towards earning the discount/incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognises the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognised until the payment is probable and the amount can be estimated reliably. The Company recognises changes in the estimated amount of obligations for discounts in the period in which the change occurs.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

The Company disaggregates revenue from contracts with customers by nature of services and geography verticals.

**2.8 Foreign currency transactions:**

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the date of Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised in the profit or loss.

**2.9 Financial Instruments:**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

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. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss.

**i) Non-derivative financial instruments:**

**Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost using the effective interest method less impairment losses, if these financial assets are held within a business model 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.

**Financial assets at fair value**

Financial assets not measured at amortised cost are carried at fair value through profit or loss (FVTPL) on initial recognition, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in 'other comprehensive income', for investment in equity instruments which are not held for trading.

The Company, on initial application of IND AS 109 Financial Instruments, has made an irrevocable election to present in 'other comprehensive income', subsequent changes in fair value of equity instruments not held for trading.

Financial asset at FVTPL, are measured at fair values at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

**Investment in subsidiaries**

Investment in subsidiaries is carried at cost less impairment as per Ind AS 27 Consolidated and Separate Financial Statements.

**Financial liabilities**

Financial liabilities are subsequently carried at amortised cost using the effective interest rate method or at FVTPL. For financial liabilities carried at amortised cost, the carrying amounts approximate fair values due to the short term maturities of these instruments. Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised in a business combination, or is held for trading or it is designated as FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit and loss.

**ii) Derecognition of financial instruments**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the risk and rewards of transferred financial assets, the Company continues to recognise the financial asset and also recognises the borrowing for the proceeds received.

The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or have expired.

**2.10 Employee Benefits**

**a. Defined benefit plans:**

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's last drawn salary and the tenure of the employment.

**b. Defined contribution plans:**

i) Provident fund: The eligible employees of the Company are entitled to receive the benefits of Provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently at 12% of the basic salary) which are charged to the standalone statement of profit and loss on accrual basis. The provident fund contributions are paid to the Regional Provident Fund Commissioner by the Company. The Company has no further obligations for future provident fund.

ii) Superannuation and ESIC: Contributions to Superannuation fund and employees' state insurance scheme (ESI), which are defined contribution schemes, are charged to the standalone statement of profit and loss on an accrual basis. The Company has no further obligations for future superannuation fund benefits other than its annual contributions.

**c. Compensated absences:**

The Company provides for compensated absences and long term service awards subject to Company's rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is accrued based on the number of days of unavailed leave at each Balance Sheet date and the awards are accrued based on number of years of service of an employee. It is measured at the balance sheet date on the basis of an independent actuarial valuation using the Projected Unit Credit method.

Actuarial gains and losses are recognised in full in the standalone statement of profit and loss in the period in which they occur. The Company also off a short term benefi in the form of encashment of unavailed accumulated compensated absences above certain limits for all of its employees and same is recognised as undiscounted liability at the balance sheet date.

**d. Other short term employee benefits:**

Other short-term employee benefits such as overseas social security contributions and performance incentives expected to be paid in exchange for services rendered by employees, are recognised in the standalone statement of profit and loss during the period when the employee renders the service.

**2.11 Taxation:**

Tax expense comprises of current tax and deferred tax. 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.

Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemptions in accordance with the local tax laws existing in the respective countries.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are recognised in other comprehensive income or directly in equity, respectively.

Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit has a legally enforceable right and intends to settle the asset and liability on a net basis.

Deferred income taxes: Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred income tax assets are recognised 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 utilised. The carrying amount of deferred 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 utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India. MAT credit is recognised for future economic benefits in the form of adjustment of future income tax liability and is considered as an asset if there is probable evidence that the Company will pay normal income tax.

Deferred tax assets and liabilities are offset when it relates to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

The Company recognises interest levied and penalties related to income tax assessments in interest expenses.

**2.12 Employee Stock Option Plans:**

Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortization). The share based compensation expense is determined based on the Company’s estimate of equity instruments that will eventually vest. The expense is recognised in the statement of profit and loss with a corresponding increase to the ‘share option outstanding account’, which is a component of equity.

**2.13 Research and development:**

Research costs are recognised as an expense in the standalone statement of profit and loss in the period they are incurred. Development costs are recognised in the standalone statement of profit and loss unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete the development project and use the asset and the costs can be measured reliably.

**2.14 Earnings per Share:**

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the period. For calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

**2.15 Provisions and Contingent Liabilities:**

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance costs.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

**2.16 Recent pronouncements**

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements

**Note -3: Property, Plant and Equipment**

| **Particulars** | **Computers** | **Furniture and Fixtures** | **Vehicles** | **Office Equipments** | **Leasehold Improvements** | **Total** |
|---|---|---|---|---|---|---|
| Gross Block | | | | | | |
| Balance as at 1 April 2021 | 36 | 25 | 5 | 7 | 1 | 74 |
| Additions | 1 | 0 | 0 | 3 | 0 | 4 |
| Disposals/Deletions | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance as at 31 March 2022 | 37 | 25 | 5 | 10 | 1 | 78 |
| Accumulated Depreciation | | | | | | |
| As at 1 April 2021 | 29 | 16 | 4 | 3 | 1 | 53 |
| Depreciation for the year | 5 | 5 | 1 | 1 | 0 | 12 |
| Accumulated Amortization on disposals | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance as at 31 March 2022 | 34 | 21 | 5 | 4 | 1 | 64 |
| Net Block As at 31 March 2022 | 3 | 4 | 0 | 6 | 0 | 14 |
| Gross Block | | | | | | |
| Balance as at 1 April 2022 | 37 | 25 | 5 | 10 | 1 | 78 |
| Additions | 3 | 0 | 0 | 3 | 2 | 8 |
| Disposals/Deletions | 0 | 0 | 5 | 0 | 0 | 5 |
| **Balance as at 31 March 2023** | **40** | **25** | **0** | **13** | **3** | **81** |
| Accumulated Depreciation | | | | | | |
| As at 1 April 2022 | 34 | 21 | 5 | 4 | 1 | 64 |
| Depreciation for the year | 3 | 3 | 0 | 3 | 2 | 11 |
| Accumulated Amortization on disposals | 0 | 0 | 5 | 0 | 0 | 5 |
| **Balance as at 31 March 2023** | **37** | **24** | **0** | **7** | **3** | **71** |
| **Net Block As at 31 March 2023** | **3** | **1** | **0** | **6** | **0** | **10** |

**Note -4: Right of Use Assets**

| **Particulars** | **Office Premises** | **Total** |
|---|---|---|
| Gross Block | | |
| Balance as at 1 April 2021 | 81 | 81 |
| Additions | 406 | 406 |
| Deletions | 48 | 48 |
| Balance as at 31 March 2022 | 439 | 439 |
| Accumulated Amortization | | |
| As at 1st April 2021 | 34 | 34 |
| Amortization for the year | 62 | 62 |
| Accumulated Amortization on disposals | 48 | 48 |
| As at 31 March 2022 | 48 | 48 |
| Net Block As at 31 March 2022 | 391 | 391 |

| **Particulars** | **Office Premises** | **Total** |
|---|---|---|
| Gross Block | | |
| Balance as at 1 April 2022 | 439 | 439 |
| Additions for the year ended | 100 | 100 |
| Deletions | 7 | 7 |
| **Balance as at 31 March 2023** | **532** | **532** |
| Accumulated Amortization | | |
| As at 1st April 2022 | 48 | 48 |
| Amortization for the year ended | 110 | 110 |
| Accumulated Amortization on disposals | 7 | 7 |
| **As at 31 March 2023** | **151** | **151** |
| **Net Block As at 31 March 2023** | **381** | **381** |

**Note -5: Intangible Assests**

| **Particulars** | **Office Premises** | **Total** |
|---|---|---|
| Gross Block | | |
| Balance as at 1 April 2021 | 0 | 0 |
| Additions | 0 | 0 |
| Deletions | - | - |
| Balance as at 31 March 2022 | 0 | 0 |
| Accumulated Amortization | | |
| As at 1 April 2021 | 0 | 0 |
| Amortization for the year | 0 | 0 |
| Accumulated Amortization on disposals | - | - |
| As at 31 March 2022 | 0 | 0 |
| Net Block As at 31 March 2022 | 0 | 0 |
| Gross Block | | |
| Balance as at 1 April 2022 | 0 | 0 |
| Additions for the year ended | - | - |
| Deletions | - | - |
| Balance as at 31 March 2023 | 0 | 0 |
| Accumulated Amortization | | |
| As at 1 April 2022 | 0 | 0 |
| Amortization for the year ended | 0 | 0 |
| Accumulated Amortization on disposals | - | - |
| **As at 31 March 2023** | **0** | **0** |
| **Net Block As at 31 March 2023** | **-** | **-** |

**Note -6**

**Non-current investments in subsidiaries**

| | As at | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| (Valued at cost unless stated otherwise) | | |
| Unquoted investments | | |
| **Investment in equity instruments** | | |
| 200,000 (31 March 2022: 200,000) equity shares of Tech Mahindra Cerium Systems Inc., a wholly owned subsidiary, of USD 0.001 each, fully paid up | **0** | 0 |
| 2,403,468 (31 March 2022 2,403,468) equity shares of Tech Mahindra Cerium Systems SDN.BHD, a wholly owned subsidiary, of MYR 1.00 each, fully paid up | **43** | 43 |
| Total | **43** | 43 |

**Note -7**

**Other Financial Assets - Non Current**

| | As at | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| To parties other than related parties | | |
| a) Interest Receivable | | |
| Interest accrued on deposits and advances | **22** | 0 |
| | **22** | 0 |
| b) Security Deposits | **50** | 40 |
| | **50** | 40 |
| c) Bank deposits having maturities of more than 12 months from the Balance Sheet date " | **751** | 1 |
| | **751** | 1 |
| Total | **823** | 41 |

**Note -8**

**Other Non-Current Assets**

**(Unsecured, considered good )**

| | As at | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Prepaid Expenses | **12** | 12 |
| Capital Advances | **-** | 1 |
| Total | **12** | 13 |

**Note -9**

**Trade Receivables**

**(Unsecured, considered good unless otherwise stated)**

| | As at | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Trade receivable - Billed | | |
| Considered good | **314** | 247 |
| Less: Allowance for expected credit loss | **-** | - |
| | **314** | 247 |
| Credit Impaired | **0** | 0 |
| Less: Allowance for expected credit loss | **(0)** | (0) |
| | **-** | - |
| Total trade receivable - Billed (Refer Note 30 for Related Party Transactions) | **314** | 247 |
| Trade receivable - Unbilled (Refer Note 30 for Related Party Transactions) | **88** | 56 |
| Total | **402** | 303 |

**Note -10**

**Cash and Cash Equivalents**

| | As at | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Cash in hand | **0** | 0 |
| Balances with banks | | |
| In current accounts | **120** | 695 |
| In deposit accounts (with original maturity less than 3 months) | **50** | - |
| **Total** | **170** | 695 |

**Note -11**

**Other Balances with Bank**

| | As at | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Other Bank Balances | | |
| - Deposit account with banks (Deposits with banks with original maturity of more than three months but less than twelve months) " | **504** | - |
| **TOTAL** | **504** | - |

**Note -12**

**Other Financial Assets**

| | As at | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Security Deposits (Unsecured, considered good ) | **3** | 1 |
| Interest accrued on deposits | **4** | - |
| **Total** | **7** | 1 |

**Note -13**

**Other current assets**

**(Unsecured, considered good )**

| | As at | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Advances to Employees | **2** | 1 |
| Contracts Assets (Refer Note 30 for Related Party Transactions) | **447** | 442 |
| Prepaid Expenses | **14** | 24 |
| Balance with Government Authorities | **0** | 1 |
| Reimbursement amount receivable (Refer Note 30 for Related Party Transactions) | **0** | 0 |
| Other Advances | **0** | 4 |
| Total | **463** | 472 |

**14 Equity Share Capital**

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| **Authorized** | | |
| 40,00,000 (31 March 2022 : 40,00,000) equity shares of ₹ 10 each | **40** | 40 |
| | **40** | 40 |
| **Issued, subscribed and fully paid up** | | |
| 31,65,392 ( 31 March 2022 : 30,80,862) equity shares of ₹ 10 each | **32** | 31 |
| | **32** | 31 |

**a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period**

| | **31-Mar-23** | | 31-Mar-22 | |
|---|---|---|---|---|
| | **Number of shares** | **Amount** | Number of shares | Amount |
| **Equity shares** | | | | |
| At the commencement of the year | **3,080,862** | **31** | 3,002,033 | 30 |
| Issued during the year | **84,530** | **1** | 87,879 | 1 |
| Buy Back of shares during the year | **-** | **-** | (9,050) | (0) |
| At the end of the year | **3,165,392** | **32** | 3,080,862 | 31 |

**b) Rights, preferences and restrictions attached to equity shares**

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company’s residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder are in proportion to its share of the paid-up equity capital of the Company. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

Each equity share entitles the holder to one vote.

During the year ended March 31,2022, the Company bought back equity shares for an aggregate amount of ₹ 11 Million. The equity shares bought back were extinguished.

**c) Particulars of shareholders holding more than 5% shares of a class of shares**

| | **31-Mar-23** | | 31-Mar-22 | |
|---|---|---|---|---|
| | **Number of shares** | **% total holding in shares** | Number of shares | % total holding in shares |
| Equity shares of ₹ 10 each fully paid-up held by | | | | |
| Tech Mahindra Limited* | **2,690,583** | **85.00%** | 2,215,405 | 71.91% |
| NVL Holdings Pvt Ltd | **180,738** | **5.71%** | 329,439 | 10.69% |
| Surya Palisetti | **126,414** | **3.99%** | 230,421 | 7.48% |

Pursuant to a share purchase agreement, Tech Mahindra Limited (‘TechM’) acquired 51% stake in the Company on 09 April, 2020 for a total consideration of ₹ 1,454 Million, out of which ₹ 916 Million was paid upfront to the shareholders of the Company. Further, TechM has also entered into an agreement to purchase the remaining 49% stake over a period of three-year, ending 31 March, 2023. Subsequently, TechM has acquired 9.24 %, 11.67% and 13.09% stake in FY 2020-21, FY 2021-22 and FY 2022-23 respectively. Also, as per the agreement, the remaining 15% is proposed to be acquired by Tech Mahindra Ltd in the FY2023-24.

Promoter Holdings

| Shares held by promotes at the end of the year | **For 31 March 2023** | | For 31 March 2022 | | Percentage of change during the year |
|---|---|---|---|---|---|
| **Promoter name** | **No of shares** | **% of total shares** | No of shares | % of total shares | |
| Tech Mahindra Limited | **2,690,583** | **85.00%** | 2,215,405 | 71.91% | 13.09% |
| NVL Holdings Pvt Ltd | **180,738** | **5.71%** | 329,439 | 10.69% | -4.98% |
| Surya Palisetti | **126,414** | **3.99%** | 230,421 | 7.48% | -3.49% |

**d) Terms attached to stock options granted/ share purchase plan to employees are described in Note 31 regarding share-based payments.**

**e) Shares held by holding company**

| | **For 31 March 2023** | | For 31 March 2022 | |
|---|---|---|---|---|
| | **No of shares** | **Amount** | No of shares | Amount |
| Equity shares of INR 10 each fully paid up held by holding company | **2,690,583** | **27** | 2,215,405 | 22 |

**f)** Since the year 2017 3,58,335 equity shares were issued as a result of the exercise of vested options from the share option programme granted to key management personnel. In the Current Year options exercised were for 84,530 shares (31 March 2022: 87,879). Options were exercised at an average price of INR 10 per share. (see Note 31)

**g)** Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date is NIL

## 15 Other Equity

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| **Securities Premium** | | |
| At the commencement of the year | **234** | 188 |
| Transferred from share option outstanding account on exercise of stock options | **54** | 57 |
| Transfer from secutities premium on buy back of equity shares | **-** | (11) |
| At the end of the year (a) | **288** | 234 |
| **Capital Reserve** | | |
| At the commencement of the year | **865** | 315 |
| Addition on account of employment linked contingent consideration | **149** | 550 |
| At the end of the year (b) | **1,014** | 865 |
| **Share option outstanding Account** | | |
| At the commencement of the year | **54** | 113 |
| Add: Amortisation of Share Based Payments to Employees (net) | | |
| Less: Transferred to Securities Premium on exercise of stock options | **(54)** | (57) |
| Less: Transfer to Retained Earnings on account of stock options lapsed | **-** | (2) |
| At the end of the year (c) | **-** | 54 |
| Capital Redemption Reserve | | |
| At the commencement of the year | **0** | - |
| Addition on account of buy back of equity shares | **-** | 0 |
| At the end of the year (d) | **0** | 0 |
| **Retained earnings** | | |
| At the commencement of the year | **(97)** | (213) |
| Profit/(Loss) for the year | **659** | 118 |
| Other comprehensive income | **4** | (3) |
| Transfer from Share option oustanding account on account of options lapsed | **-** | 2 |
| Tax Paid on buy back of equity shares | **-** | (1) |
| At the end of the year (e) | **566** | (97) |
| **Total (a + b + c + d + e)** | **1,868** | 1,056 |

## Note - 16 : Other Financial Liabilities - Non Current

| | **As at** | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Dues payable to employees | **-** | 50 |
| **Total** | **-** | 50 |

## Note - 17: Provisions - Non Current

| | **As at** | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Provision for Employee Benefits | | |
| Gratuity (Refer Note 35) | **51** | 44 |
| Compensated Absences | **7** | 7 |
| **Total** | **58** | 51 |

**Note - 18: Other Financial Liabilities - Current**

| | As at | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Accrued Employee Liabilities | **111** | 29 |
| **Total** | **111** | 29 |

**Note - 19: Other Current Liabilities**

| | As at | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Statutory dues payable | **79** | 67 |
| Others | **0** | 0 |
| **Total** | **79** | 67 |

**Note - 20: Provisions - Current**

| | As at | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Provision for employee benefits | | |
| Gratuity (Refer Note 35) | **6** | 4 |
| Compensated Absences | **2** | 2 |
| **Total** | **8** | 6 |

**Note - 21: Revenue from Operations**

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Sale of services (Refer Note 30 for Related Party Transactions) | **3,937** | 3,196 |
| **Total** | **3,937** | 3,196 |

**Note - 22: Other Income**

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Interest Income | | |
| - Interest Income on financial assets | **34** | 0 |
| - Others | **5** | 2 |
| Gain on sale of Property, Plant & Equipments | **0** | - |
| Foreign Exchange Gain (net) | **83** | 54 |
| Miscellaneous Income | **17** | 2 |
| **Total** | **139** | 58 |

**Note - 23: Employee Benefits Expense**

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Salaries and wages, including bonus* | **2,449** | 2,444 |
| Contribution to Provident and other Funds (Refer Note 35) | **50** | 40 |
| Gratuity (Refer Note 35) | **24** | 19 |
| Staff Welfare Expenses | **3** | 5 |
| **Total** | **2,526** | 2,508 |

***Notes:**

1. Salaries and wages includes an amount of ₹ 149 million (31 March 2022: ₹ 550 million) on account of employment linked contingent consideration pursuant to share purchase agreement entered between Tech Mahindra Limited, the Company and its shareholders dated 09 April, 2020.

2. Bonus expense also includes an amount of of ₹ 18 million (31 March 2022: ₹ 25 million) for cash bonus accrued to ESOP holders in accordance with Amended ESOP Plan 2020, which was paid on 10 April 2023.

**Note - 24: Finance Cost**

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Finance cost related to Lease Liabilities | **51** | 20 |
| Other interest expenses | **0** | 0 |
| **Total** | **51** | 20 |

**Note - 25 : Depreciation and Amortization Expense**

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Depreciation/Amortisation on Property ,Plant and Equipment & Intangible Assets | **11** | 12 |
| Amortisation on right of use asset | **110** | 62 |
| **Total** | **121** | 74 |

**Note - 26: Other Expenses**

| Particulars | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Power & Fuel Expenses | **4** | 3 |
| Rates and taxes | **0** | 2 |
| Communication Expenses | **8** | 8 |
| Travelling Expenses | **5** | 3 |
| Recruitment Expenses | **0** | 0 |
| Legal and other professional expense | **8** | 6 |
| Statutory auditors fee (Refer Note 29) | **1** | 1 |
| Repair and maintenance expenses | | |
| - Buildings (including leased premises) | **16** | 5 |
| - Machinery and Computers | **1** | 1 |
| - Others | **-** | - |
| Insurance charges | **35** | 17 |
| Advertisement, Promotion & Selling Expenses | **0** | 0 |
| General Office Expenses | **3** | 1 |
| Corporate Social Responsibility Expenditure (Refer Note 40) | **1** | - |
| Miscellaneous Expenses | **1** | 1 |
| **Total** | **83** | 48 |

**27 Commitments and Contingencies**

**a) Capital Commitments**

The Company does not have any capital commitments as at year ended 31 March 2023 and 31 March 2022.

**b) Bank guarantees and letters of comfort**

i. Bank Guarantees outstanding as at 31 March, 2023: 1 Million (31 March, 2022: 1 Million).

**c) Contingent Liabilities for Taxation Matters**

There are no pending litigations on the Company.

**d) Code of Social Security, 2020**

The Code on Social Security, 2020 ('Code') relating to employee benefits received the Presidential assent in September 2020. The effective date from which the changes are applicable is yet to be notified. The Company will evaluate and will give appropriate impact in the financial statements in the period in which the Code becomes effective and the related rules are published."

**28 Diminution in value of Investments in Subsidiaries**

The Company has investments in subsidiaries. These investments are accounted for at cost less any provision for impairment. Management assesses the operations of the subsidiaries/entities, Inc.luding the future projections, to identify indications of diminution, other than temporary, in the value of the investments recorded in the books of account and, accordingly no additional provision is required to be made, other than the amounts already provided for in the books of account.

In case where impairment triggers are identified, the recoverable amount of the investment is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized if the investment's carrying amount exceeds the greater of its fair value less costs to sell and value in use.

**29 Auditors' Remuneration (Exclusive of GST)**

| **Particulars** | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Audit Fees | **1** | 1 |
| For other service (buy back, certifications, etc.) | **-** | 0 |
| For Reimbursement of expenses | **0** | 0 |
| **Total** | **1** | 1 |

**30 Related party relationships and transactions**

**A. Name of related party :**

| **Name** | **Relation** |
|---|---|
| Tech Mahindra Limited | Holding Company |
| Tech Mahindra Cerium Systems Sdn Bhd | Direct Subsidiary |
| Tech Mahindra Cerium Systems Inc.. | Direct Subsidiary |

**B. Key management personnel (KMP)**

Sudhakar Palisetti (Director)

Vivek Satish Agarwal (Non- Executive Director

Jayakumar Gorla (Director upto 9 April 2020 and Chief Operating Officer w.e.f. 9 April 2020)

Jayaraman Ganapathy (Independent Director w.e.f. 2 June 2021)

Bangre Prabhakararao Sachin Kumar (Independent Director w.e.f. 2 June 2021)

Narasimham Venkata Rachakonda (Non- Executive Director w.e.f. 13 December 2021)

**C. Disclosure of related party transactions:**

| Nature of Transaction | Name of the Related Party | 31-Mar-23 | 31-Mar-22 |
|---|---|---|---|
| Revenue from operations | Tech Mahindra Cerium Systems Sdn Bhd | **84** | 129 |
| | Tech Mahindra Cerium Systems Inc. | **85** | 12 |
| | Tech Mahindra Limited | **254** | 73 |
| | | **423** | 214 |
| Subcontracting Expenses | Tech Mahindra Cerium Systems Sdn Bhd | **47** | 15 |
| | Tech Mahindra Cerium Systems Inc. | **35** | 26 |
| | Tech Mahindra Limited | **29** | - |
| | | **111** | 41 |
| Expense reimbursable by | Tech Mahindra Cerium Systems Sdn Bhd | **-** | 3 |
| | Tech Mahindra Cerium Systems Inc. | **-** | - |
| | Tech Mahindra Limited | **91** | 39 |
| | | **91** | 42 |
| Rent Expenses | Tech Mahindra Limited | **1** | - |
| Remuneration | Sudhakar Palisetti | **7** | 7 |
| | Jayakumar Gorla | **5** | 5 |
| | | **12** | 12 |

**Note -**

i) Remuneration excludes employment linked contingent consideration, employee stock options and provision for employee benefits as separate valuation for the key management personnel is not available.

ii) An amount of ₹ 149 million (31 March 2022 550 million) is due on account of employment linked contingent consideration pursuant to share purchase agreement entered between Tech Mahindra Limited, the Company and its erstwhile shareholders dated 09 April, 2020

**D. Closing balances:**

| | Name of the Related Party | 31-Mar-23 | 31-Mar-22 |
|---|---|---|---|
| Unbilled Revenue | Tech Mahindra Limited | **11** | 4 |
| Contract Assets | Tech Mahindra Cerium Systems Sdn Bhd | **23** | 32 |
| | Tech Mahindra Cerium Systems Inc. | **49** | 4 |
| | Tech Mahindra Limited | **109** | 32 |
| Provision for expenses | Tech Mahindra Cerium Systems Sdn Bhd | **12** | 2 |
| | Tech Mahindra Cerium Systems Inc. | **14** | 2 |
| | Tech Mahindra Limited | **6** | - |
| Trade Payable | Tech Mahindra Cerium Systems Sdn Bhd | **-** | 64 |
| | Tech Mahindra Limited | **9** | - |
| Reimbursement amount receivable | Tech Mahindra Cerium Systems Inc. | **0** | 0 |
| Trade Receivables | Tech Mahindra Limited | **67** | 19 |
| | Tech Mahindra Cerium Systems Sdn Bhd | **-** | 61 |

**Note** -No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”) with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

## 31 Share based payments

### Amended Employee Stock Option Plan 2020

The Company had instituted 'Employee Stock Option Plan 2019' (ESOP 2019) for eligible employees of the Company. ESOP 2019 was subsequently amended in its entirety through Amended Employee Stock Option Plan 2020 ("Amended ESOP Plan 2020") dated 11 March, 2020.The vesting period for all the options issued shall be one year from the date of grant of options. Each option carries with it the right to purchase one equity share of the Company at the exercise price determined by the Company at the time of grant.

**Details of activity of the ESOP scheme**

| **Particulars** | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Options outstanding at the beginning of the year | **84,530** | 175,760 |
| Granted during the year | **-** | - |
| Forfeited / surrendered during the year | **-** | - |
| Exercised during the year | **84,530** | 87,879 |
| Lapsed during the year | **-** | 3,351 |
| Options outstanding at the end of year | **-** | 84,530 |
| Options exercisable at the end of the year | **-** | 84,530 |

**The weighted average remaining contractual life are as follows:**

| Range of Exercise Price | **31-Mar-23** | | 31-Mar-22 | |
|---|---|---|---|---|
| | **Weighted average contractual life (years)** | **No. of Options Outstanding** | Weighted average contractual life (years) | No. of Options Outstanding |
| ₹ 10 | **-** | **-** | - | 84,530 |

## 32 Financial instruments - Fair values and risk management

### Accounting classifications and fair values

The following tables shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

**The carrying value and fair value of financial instruments by categories as of 31 March 2023 is as follows:**

| | **Fair value through P&L** | **Fair value through OCI** | **Amortized cost** | **Total carrying value** | **Total Fair Value*** |
|---|---|---|---|---|---|
| **Assets**: | | | | | |
| Cash and cash equivalents | - | - | 170 | 170 | 170 |
| Bank balances other than Cash and cash equivalents | - | - | 504 | 504 | 504 |
| Trade receivables | - | - | 402 | 402 | 402 |
| Other financial assets | - | - | 830 | 830 | 830 |
| **Total** | **-** | **-** | **1,906** | **1,906** | **1,906** |
| Liabilities: | | | | | |
| Trade and other payables | - | - | 77 | 77 | 77 |
| Lease liabilities | - | - | 425 | 425 | 425 |
| Other financial liabilities | - | - | 111 | 111 | 111 |
| **Total** | **-** | **-** | **613** | **613** | **613** |

The carrying value and fair value of financial instruments by categories as of 31 March 2022 is as follows:

| | Fair value through P&L | Fair value through OCI | Amortized cost | Total carrying value | Total Fair Value* |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Cash and cash equivalents | - | - | 695 | 695 | 695 |
| Trade receivables | - | - | 303 | 303 | 303 |
| Other financial assets | - | - | 42 | 42 | 42 |
| **Total** | **-** | **-** | **1,040** | **1,040** | **1,040** |
| Liabilities: | | | | | |
| Trade and other payables | - | - | 180 | 180 | 180 |
| Lease liabilities | - | - | 405 | 405 | 405 |
| Other financial liabilities | - | - | 80 | 80 | 80 |
| **Total** | **-** | **-** | **665** | **665** | **665** |

*The fair value of cash and cash equivalents, other balances with bank, trade receivables, trade payables and certain other financial assets and liabilities approximate their carrying amount largely due to the short term nature of these instruments.

**Fair value Hierarchy:**

Fair Value hierarchy of Carrying amount of fair value of financial assets and financials liabilities is not given because the carrying amount of fair value of financials assets and financial liabilities are at approximation of fair value.

The different levels have been defined as follows:

Level-1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities at net market value.

Level-2 – Inputs other than quoted prices included within level-1 that are observable for 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). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

**A. Credit Risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risk. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentration of credit risk principally consist of trade receivables, investments, cash and cash equivalents, other balances with banks and other financial assets. None of the financial instruments of the Company result in significant credit risk concentrations. Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. The derivatives are entered into with banks and financial institutions with are high credit ratings.

**a) Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was INR 1906 million, INR 1040 million as of 31 March 2023 and 31 March 2022 respectively being the total of the carrying amount of trade receivables, investments, cash and cash equivalents, loans and other financial assets.

**b) Trade receivable**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Details of concentration of revenue are included in Note 39. The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period. More than 95% of the Company's customers have been transacting with the Company for over three years, and none of these customers' balances are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics such as geographic location, industry, history with the Company and existence of previous financial difficulties. At 31 March 2023, the carrying amount of the Company's most significant customer is INR 179 million (31 March 2022: INR 95 million)."

The expected credit loss allowance is based on ageingof receivables and rates in the provision matrix. Movement in the expected credit loss is as follows:

| **Particulars** | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Balance at the beginning of the year | **0** | 0 |
| Movement in the expected credit loss allowance on trade receivables and other financial assets: | **-** | - |
| Provided / (Reversed / Utilized) during the year (Net) | **-** | - |
| **Balance at the end of the year** | **0** | 0 |

**Ageing for Trade Receivables**

**i) For the year ended 31 March 2023**

| | **Particulars** | **Outstanding for following periods from due date of payment** | | | | | | **Total** |
|---|---|---|---|---|---|---|---|---|
| | | **Not due** | **< 6 months** | **6 months – 1 year** | **1-2 year** | **2-3 year** | **> 3 year** | |
| i | Undisputed Trade Receivables considered good | 283 | 31 | - | 0 | 0 | - | 314 |
| ii. | Undisputed Trade Receivables considered doubtful | - | - | - | - | - | 0 | 0 |
| iii. | Undisputed Unbilled revenue | 88 | - | - | - | - | - | 88 |
| iv. | Disputed Trade Receivables considered good | - | - | - | - | - | - | - |
| v. | Disputed Trade Receivables considered doubtful | - | - | - | - | - | - | - |
| vi. | Disputed Unbilled revenue considered doubtful | - | - | - | - | - | - | - |
| **Total** | | **371** | **31** | **-** | **0** | **0** | **0** | **402** |

**ii) For the year ended 31 March 2022**

| | **Particulars** | **Outstanding for following periods from due date of payment** | | | | | | **Total** |
|---|---|---|---|---|---|---|---|---|
| | | **Not due** | **< 6 months** | **6 months – 1 year** | **1-2 year** | **2-3 year** | **> 3 year** | |
| i | Undisputed Trade Receivables considered good | 242 | 5 | 0 | | | - | 247 |
| ii. | Undisputed Trade Receivables considered doubtful | - | - | - | - | - | 0 | 0 |
| iii. | Undisputed Unbilled revenue | 56 | - | - | - | - | - | 56 |
| iv. | Disputed Trade Receivables considered good | - | - | - | - | - | - | - |
| v. | Disputed Trade Receivables considered doubtful | - | - | - | - | - | - | - |
| vi. | Disputed Unbilled revenue considered doubtful | - | - | - | - | - | - | - |
| **Total** | | **298** | **5** | **0** | **-** | **-** | **0** | **303** |

**B. Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of foreign currency exchange currency risk.

**a) Foreign Currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar and Malaysian Ringgit against the respective functional currency of the Company.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are as follows:

| | **Currency** | **31-Mar-23** | 31-Mar-22 |
|---|---|---|---|
| Trade Receivables | USD | **293** | 164 |
| | MYR | **-** | 61 |
| Unbilled Revenue | USD | **80** | 46 |
| | MYR | **-** | - |
| Contract asset | USD | **420** | 408 |
| | MYR | **23** | 32 |
| Cash and cash equivalents | USD | **0** | 0 |
| | MYR | **0** | 0 |

| | **Currency** | **31-Mar-23** | 31-Mar-22 |
|---|---|---|---|
| Payables (Trade and others) | MYR | **12** | 64 |
| Payables (Trade and others) | USD | **14** | - |

A reasonably possible strengthening by 1% of USD and MYR against the Indian Rupee as at 31 March 2023, 31 March 2022 will affect the statement of profit and loss by the amounts shown below:

| Currency | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| USD | **4** | 2 |
| MYR | **(0)** | (0) |

**b) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's investmnts are fixed interest bearing instruments. Therefore, the company is not significantly exposed to interest rate risk

**C. Liquidity Risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Company has undrawn working capital facility with HDFC bank with rate of interest linked to EBR (External benchmark based lending rate). The primary security for this facility is book debt & export debt and collateral security as form of awareness letter from the Holding company.

The following are remaining contractual maturities of financial liabilities at the reporting date. The amount are gross and undiscounted and include contractual interest payments.

**As at 31 March 2023**

| | **Less than 1 year** | **1-5 years** | **More than 5 years** | **Total** |
|---|---|---|---|---|
| Non Derivative Financial Liabilities | | | | |
| Lease liabilities | 99 | 326 | - | 425 |
| Trade Payables | 78 | - | - | 78 |
| Other financial liabilities | 111 | - | - | 111 |
| **Total** | **288** | **326** | **-** | **614** |

**As at 31 March 2022**

| | **Less than 1 year** | **1-5 years** | **More than 5 years** | **Total** |
|---|---|---|---|---|
| Non Derivative Financial Liabilities | | | | |
| Lease liabilities | 73 | 328 | 5 | 406 |
| Trade Payables | 180 | - | - | 180 |
| Other financial liabilities | 30 | 50 | - | 80 |
| **Total** | **283** | **378** | **5** | **666** |

**33 Ageing for Trade Payable**

**i) For the year ended 31 March 2023**

| Particulars | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|
| | < 1 year | 1-2 year | 2-3 year | > 3 year | |
| i. MSME * | 17 | - | - | - | 17 |
| ii. Others | 5 | - | - | - | 5 |
| iii. Unbilled dues | 55 | - | - | - | 55 |
| iv. Disputed dues – MSME | - | - | - | - | - |
| v. Disputed dues - Others | - | - | - | - | - |
| **Total** | **77** | **-** | **-** | **-** | **77** |

*MSME as per Micro, Small and, Medium and Enterprises Development Act, 2006 and Refer Note 29 for Related Party Transactions

**ii) For the year ended 31 March 2022**

| Particulars | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|
| | < 1 year | 1-2 year | 2-3 year | > 3 year | |
| i. MSME * | 46 | - | - | - | 46 |
| ii. Others | 88 | - | - | - | 88 |
| iii. Unbilled dues | 46 | - | - | - | 46 |
| iv. Disputed dues – MSME | - | - | - | - | - |
| v. Disputed dues - Others | - | - | - | - | - |
| **Total** | **180** | **-** | **-** | **-** | **180** |

*MSME as per Micro, Small and, Medium and Enterprises Development Act, 2006.

**34 Disclosures required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) are given as follows**

Based on the information available with the Company, there are below outstanding amounts payable to creditors who have been identified as "suppliers" within the meaning of "Micro, Small and Medium Enterprises Development (MSMED) Act, 2006".

| Sr. No. | Particulars | **31-Mar-23** | | 31-Mar-22 | |
|---|---|---|---|---|---|
| | | **Principal** | **Interest** | Principal | Interest |
| I | The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year<br>- Principal amount due to micro and small enterprises<br>a) Trade Payables | **17** | **-** | 46 | - |
| | - Interest on the principal amount due | **-** | **-** | - | - |
| II | The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | | | | |
| | - Payments made to suppliers beyond the appointed date | **-** | **-** | - | - |
| | -Interest on the principal amount | **-** | **-** | - | - |

| Sr. No. | Particulars | **31-Mar-23** | | 31-Mar-22 | |
|---|---|---|---|---|---|
| | | **Principal** | **Interest** | Principal | Interest |
| III | The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | | **-** | | 0 |
| IV | The amount of interest accrued and remaining unpaid at the end of each accounting year | | **-** | | 0 |
| V | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | **-** | **-** | - | - |

**35 Post employment benefit plans**

**i) Defined Contribution Plans**

The Company makes contributions to Provident Fund, Superannuation Fund and National Pension sheme Fund which are defined contribution plans for qualifying employees. Under these Schemes, the Company contributes a specified percentage of the payroll costs to the respective funds

The Company has recognized the following expense in the Statement of Profit and Loss :

INR 47 million (31 March 2022: INR 38 million) for Provident Fund contributions.

**ii) Defined Benefit Plan**

In accordance with the Payment of Gratuity Act, 1972, applicable for Indian companies, the company operates a scheme of gratuity which is a defined benefit plan. The following table sets out the Changes in Defined Benefit Obligation (‘DBO’) in the Balance Sheet are as under:

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Present Value of Obligation | **57** | 48 |
| Fair Value of Plan Assets | **-** | - |
| Surplus / (Deficit) | **(57)** | (48) |
| Net Asset / (Liability) | **(57)** | (48) |

**Expenses Recognized during the period**

| Particulars | **For the year ending** | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| In Income Statement | **24** | 19 |
| In Other Comprehensive Income | **(5)** | 4 |
| Total Expenses Recognized during the period | **19** | 23 |

**Changes in the Present Value of Obligation**

| Particulars | For the year ending | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Present Value of Obligation as at the beginning | **48** | 36 |
| Current Service Cost | **21** | 17 |
| Interest Expense or Cost | **3** | 2 |
| Re-measurement (or Actuarial) (gain) / loss arising from: | | |
| - change in demographic assumptions | **-3** | -1 |
| - change in financial assumptions | **-2** | 4 |
| Past Service Cost | **-** | - |
| Effect of change in foreign exchange rates | **-** | - |
| Benefits Paid | **(10)** | (10) |
| **Present Value of Obligation as at the end** | **57** | 48 |

**Bifurcation of Present Value of Obligation at the year as per Companies Act, 2013**

| Particulars | For the year ending | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Current | **6** | 4 |
| Non-Current | **51** | 44 |
| **Present Value of Obligation** | **57** | 48 |

**Expenses Recognised in the Income Statement**

| Particulars | For the year ending | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Current Service Cost | **21** | 17 |
| Past Service Cost | **-** | - |
| Loss / (Gain) on settlement | **-** | - |
| Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset) | **3** | 2 |
| **Expenses Recognised in the Income Statement** | **24** | 19 |

**Other Comprehensive Income**

| Particulars | For the year ending | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Actuarial (gains) / losses | | |
| - change in demographic assumptions | **-** | - |
| - change in financial assumptions | **(3)** | (1) |
| - experience variance (i.e. Actual experience vs assumptions) | **(2)** | 5 |
| **- Components of defined benefit costs recognised in other comprehensive income** | **(5)** | 4 |

**Financial Assumptions**

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Discount rate (per annum) | **7.30%** | 6.45% |
| Salary growth rate (per annum) | **4.00%** | 4.00% |

The discount rate indicated above reflects the estimated timing and currency of benefit payments.It is based on the yields / rates available on applicable bonds as on the current valuation date.

The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, senority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

**Demographic Assumptions**

| | 31-Mar-23 | 31-Mar-22 |
|---|---|---|
| Mortality rate | **100% of IALM 2012-14** | 100% of IALM 2012-14 |
| Normal retirement age | **60 Years** | 60 Years |
| Attrition / Withdrawal rate (per annum) | **15.60%** | 15.60% |

Attrition rate indicated above represents the Company's best estimate of employee turnover in future(other than on account of retirement,death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

**Sensitivity Analysis**

Significant actuarial assumptions for the detemination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

| | 31-Mar-23 | | 31-Mar-22 | |
|---|---|---|---|---|
| | **Decrease** | **Increase** | Decrease | Increase |
| Discount Rate (- / + 1%) | **60** | **54** | 51 | 45 |
| (% change compared to base due to sensitivity) | **6.30%** | **-5.60%** | 6.60% | -5.90% |
| Salary Growth Rate (- / + 1%) | **54** | **61** | 45 | 51 |
| (% change compared to base due to sensitivity) | **-5.90%** | **6.40%** | -6.10% | 6.70% |
| Attrition Rate (- / + 50% of attrition rates) | **56** | **55** | 49 | 45 |
| (% change compared to base due to sensitivity) | **-2.10%** | **-4.10%** | 1.10% | -5.80% |
| Mortality Rate (- / + 10% of mortality rates) | **57** | **57** | 48 | 48 |
| (% change compared to base due to sensitivity) | **0.0%** | **0.0%** | 0.0% | 0.0% |

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There is no change in the method of valuation for the prior period.

**Effect of Plan on Entity's Future Cash Flows**

**a) Funding arrangements and Funding Policy**

The scheme is managed on unfunded basis.

| **b) Maturity Profile of Defined Benefit Obligation** | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Weighted average duration (based on discounted cashflows) | **6 years** | 6 years |
| **Expected cash flows over the next (valued on undiscounted basis):** | | |
| 1 year | **6** | 4 |
| 2 to 5 years | **32** | 26 |
| 6 to 10 years | **30** | 24 |
| More than 10 years | **28** | 23 |

**36 Leases**

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has used a single discount rate to a portfolio of leases with similar characteristics. The Company has used incremental borrowing rate of 12.30% p.a. as a discount rate to a portfolio of leases with similar characteristics.

Lease agreements pertain to office premises taken on lease and license. The Company has applied Ind AS 116 using the modified retrospective approach. The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. On application of Ind AS 116, the nature of expenses have changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.

**A. Right-of-use liabilities**

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Non Current | **326** | 333 |
| Current | **99** | 73 |

**B. Cash Flows**

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Payment for Principal portion | **80** | 48 |
| Payment for Interest Portion | **51** | 24 |
| Total cash outflow for leases | **131** | 72 |

**C. Maturity analysis – contractual undiscounted cash flows of leases under the purview of Ind AS 116**

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Less than one year | **143** | 115 |
| One to five years | **379** | 400 |
| More than five years | **-** | 5 |
| Total undiscounted cash flows | **522** | 520 |

Disclosure on cash and non-cash changes for liabilities arising from financing activities:

Mentioned below are the components of liabilities related to financing activities in cash flow for the year ended 31 March, 2023

| **Particulars** | **Opening balance** | **Cash flow** | **Net Additions to lease liability** | **Closing Balance** |
|---|---|---|---|---|
| Lease liability | **405** | **(131)** | **151** | **425** |

Mentioned below are the components of liabilities related to financing activities in cash flow for the year ended 31 March, 2022

| **Particulars** | **Opening balance** | **Cash flow** | **Net Additions to lease liability** | **Closing Balance** |
|---|---|---|---|---|
| Lease liability | **51** | **(72)** | **426** | **405** |

**37 Current Tax and Deferred Tax**

The income tax expense for the year ended can be reconciled to the accounting profit as follows:

| **Particulars** | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Profit/(Loss) before tax | **921** | 306 |
| Enacted tax rate | **25.17%** | 25.17% |
| Income tax expense calculated at enacted tax rate | **232** | 77 |
| Effect of expenses disallowed for tax purpose | **41** | 141 |
| Others | **(11)** | (30) |
| Income tax expense recognised in statement of profit and loss | **262** | 188 |

The tax rate used for the above reconciliation is the rate as applicable for the respective period payable by corporate entities in India on taxable profits under the Indian income tax laws.

**Deferred Tax:**

The following is the analysis of Deferred Tax Assets presented in the Balance Sheet:

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Deferred Tax Assets | **55** | 39 |
| Deferred Tax Liabilities | **-** | - |
| Deferred Tax Assets (Net) | **55** | 39 |

The tax effect of significant temporary differences that has resulted in deferred tax assets are given below:

| | As at 31 March 2022 | Recognised in Profit and loss | Recognised in OCI | **As at 31 March 2023** |
|---|---|---|---|---|
| Employee Benefits | 13 | 4 | -1 | **16** |
| Property, Plant and Equipment | 5 | 1 | - | **6** |
| Provisions | 16 | 6 | - | **22** |
| Other Items | 4 | 7 | - | **11** |
| **Net Deferred Tax Assets** | 39 | 18 | -1 | **55** |

| | As at 31 March 2021 | Recognised in Profit and loss | Recognised in OCI | As at 31 March 2022 |
|---|---|---|---|---|
| Employee Benefits | 13 | 4 | -1 | 16 |
| Property, Plant and Equipment | 5 | 1 | - | 6 |
| Provisions | 16 | 6 | - | 22 |
| Other Items | 4 | 7 | - | 11 |
| **Net Deferred Tax Assets** | 39 | 18 | -1 | 55 |

1 **Earnings Per Share**

Basic Earning per share

The calculation of basic earnings per share for the year ended 31 March 2023 was based on profit attributable to equity shareholders of 659 million (31 March 2022 : 118 million), and the weighted average number of equity shares outstanding of 3.15 million (31 March 2022 : 3.07 million).

**Diluted Earning per share**

The calculation of basic earnings per share for the year ended 31 March 2023 was based on profit attributable to equity shareholders of 659 million (31 March 2022 : 118 million), and the weighted average number of equity shares after adjustment for the effects of all dilutive potential equity 3.16 million (31 March 2022 : 3.15 million).

| **Particulars** | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Profit after taxation | **659** | 118 |
| **No of Equity Shares outstanding as at year end** | **3,165,392** | 3,080,862 |
| Weighted average Equity Shares outstanding as at year end | **3,152,191** | 3,070,739 |
| Add: Dilutive impact of employee stock options | **12,770** | 83,233 |
| No of Equity Shares for calculating Diluted Earnings Per Share | **3,164,961** | 3,153,972 |
| Nominal Value per Equity Share (in INR.) | **10** | 10 |
| Earnings Per Share (Basic) (in INR.) | **209.03** | 38.46 |
| Earnings Per Share (Diluted) (in INR.) | **208.19** | 37.44 |

2 **Disclosures as per Ind AS 115 - Revenue from Contract with Customers**

a. **Disaggregation of revenue from contracts with customers**

Set out below is the disaggregation of the Company’s revenue from contracts with customers

**Revenue for year ended 31 March 2023**

| Particulars | Services | Revenue from Subsidiary | Total |
|---|---|---|---|
| Revenue from Time and Material contracts | 820 | - | 820 |
| Revenue from Fixed Price contracts | 2,948 | 169 | 3,118 |
| **Total revenue from contracts with customers** | **3,768** | **169** | **3,938** |
| **Geographical Markets** | | | |
| a. United States of America | 11 | 84 | 95 |
| b. India | 3,736 | - | 3,736 |
| b. Rest of World | 21 | 85 | 106 |
| **Total revenue from contracts with customers** | **3,768** | **169** | **3,937** |

**Revenue for year ended 31 March 202**

| Particulars | Services | Revenue from Subsidiary | Total |
|---|---|---|---|
| Revenue from Time and Material contracts | 529 | - | 529 |
| Revenue from Fixed Price contracts | 2,526 | 141 | 2,667 |
| **Total revenue from contracts with customers** | **3,055** | **141** | **3,196** |
| **Geographical Markets** | | | |
| a. United States of America | 44 | 12 | 56 |
| b. India | 3,009 | - | 3,009 |
| b. Rest of World | 2 | 129 | 131 |
| **Total revenue from contracts with customers** | **3,055** | **141** | **3,196** |

**b. Trade receivables and Contract balances:**

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Trade Receivables | **314** | 247 |
| Contract assets | **447** | 442 |
| Unbilled revenue | **88** | 56 |

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related services are performed. Revenue for fixed price services contracts is recognized on percentage of completion basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a trade receivable now for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price contracts is based on percentage of completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price contracts is classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivables are non-interest bearing and generally have a credit period of 60 days.

| **Changes in contract assets** | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Balance at the beginning of the year | **442** | 145 |
| Revenue recognized during the year | **3,117** | 2,620 |
| Invoices raised during the year | **3,112** | 2,323 |
| **Balance at the end of the year** | **447** | 442 |

The unearned revenue primarily relate to the advance consideration received on contracts entered with customers for which no work is performed at the reporting date, and therefore revenue will be recognized when rights become unconditional.

| **Changes in unearned revenue** | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Balance at the beginning of the year | **-** | 4 |
| Revenue recognized net of unearned revenue for the year | **-** | (4) |
| Balance at the end of the year | **-** | - |

| **Revenue recognized during the current year from:** | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Amounts included in contract liability at the beginning of the year | **-** | - |
| Performance obligations satisfied in previous year | **-** | - |

c. **Performance Obligation**

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially) satisfied performance obligations, along with the broad time band for the expected time to recognise those revenues, the Company has applied the practical expedient in Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts, or the performance obligation is part of a contract that has an original expected duration of one year or less. Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc).

3 **Expenditure on Corporate Social Responsibility**

Gross amount required to be spent by the Company during the year is ₹ 0.48 Million (previous year ₹ Nil) (calculated at 2% of the average net profits of the Company during the three immediately preceding financial years)

| Sr No. | **Particulars** | **For the period ended** | |
|---|---|---|---|
| | | **31-Mar-23** | 31-Mar-22 |
| 1 | Amount required to be spent by the Company during the year | **0** | - |
| 2 | Amount of expenditure incurred on: | | |
| | (i) Construction/acquisition of any asset | **-** | - |
| | (ii) On purposes other than (i) above | **1** | - |
| 3 | Shortfall at the end of the year | **-** | - |
| 4 | Total of previous years shortfall | **-** | - |
| 5 | Reason for shortfall | **-** | - |
| 6 | Nature of CSR activities | Welfare Project expenses. Program Support Cost , Academics Cost Technical Education & Construction of building for Educational Institute. | |
| 7 | Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard | | |
| | (i) Tech Mahindra Foundation | **-** | - |
| | (ii) Mahindra Educational institutions | **1** | - |

4 Segment information has been presented in the Consolidated Financial Statements in accordance with Indian Accounting Standard Ind AS 108, Operating Segments as notified under the Companies (Indian Accounting Standard) Rules, 2015

**5 Additional regulatory information**

**I Financial ratios**

| **Particulars** | **A** | **B** | **C = (A/B)** | C = (A/B) | Variance |
|---|---|---|---|---|---|
| | **Numerator** | **Denominator** | **31-Mar-23** | 31-Mar-22 | |
| Current Ratio (in times) | Total Current Assets | Total Current liabilities | **2.64** | 3.00 | -12.00% |
| Debt equity ratio (in times)* | Total Debt (1) | Total Equity | **0.22** | 0.37 | -40.04% |
| Debt service coverage ratio (in times) ** | Earnings available for debt service (2) | Debt Service (3) | **7.62** | 10.93 | -30.28% |
| Return on Equity Ratio (in %) *** | Proft after tax | Average shareholders equity | **44%** | 15% | 185.46% |
| Net capital turnover ratio (in times)**** | Total Turnover | Net Working Capital (4) | **4.25** | 3.32 | 27.92% |
| Trade receivable turnover ratio (in times) | Total Turnover | "Average Trade Receivable" | **11.57** | 14.18 | -18.43% |
| Trade payables turnover ratio (in times) ***** | Total Purchases | "Total Trade Payables" | **4.82** | 1.65 | 191.23% |
| Net profit ratio (in times) ****** | Net Profit | Total Turnover | **0.16** | 0.04 | 345.38% |
| Return on capital employed (in %) ******* | Earning before interest and tax | Capital employed (5) | **51%** | 30% | 70.44% |

(1) Debt represents lease liabilities

(2) Net Profit after tax +/(-) Non-Cash operating expenses / (income) + Interest

(3) Interest and Lease payments for the year

(4) Current Assets – Current Liabilities

(5) Net worth + lease liabilities

*Decrease in ratio is on account of increase in other equities on account of increase in profit during the current year.

** Decrease in ratio is on account of increase in lease payments during the year due to addition of new leases on account of increases operations during the current year.

*** Increase in ratio is on account of increase in profit during the current year.

**** Increase in ratio is on account of increase in revenue during the Current year.

***** Increase in ratio is on account of increase in subcontracting expenses during the Current year.

****** Increase is on account of incerase in net profit after tax during the Current year

******* Increase is on account of increase in earnings before interest and taxes during the Current year.

II The Company has not been declared a wilful defaulter by any bank or financial institutions or government or government authority.

**III** The Company does not have transactions with companies struck off under section 248 of the Companies Act 2013 or section 560 of Companies Act 1956.

**IV** The Company has not advanced or loaned or invested funds to any other person(s) or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries."

**V** The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in anymanner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

**VI** The Company does not have any transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

**VII** The Company has complied with the number of layers for its holding in downstream companies prescribed under clause (87) of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017.

**VIII** The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

**IX** The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

**X** The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

**XI** The Company has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

**XII** The Company has availed limits from banks and financial institutions on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with banks and financial institutions are in agreement with the books of accounts.

**XIII** The Company have not been declared as wilful defaulter by any bank or financial institution or government or any government authority.

**XIV** The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm registration Number :101248W / W-100022

**Ashish Gupta**
Partner
Membership No.215165
Place: London, UK
Date: 23 May 2023

For and on behalf of the Board of Directors of

**Tech Mahindra Cerium Private Limited**
CIN:U72200KA2013PTC070882

**Sudhakar Palisetti**
Director
DIN: 02861107
Place: Bangalore
Date: 23 May 2023

**Vivek Satish Agarwal**
Director
DIN: 05218475
Place: Bangalore
Date: 23 May 2023

# INDEPENDENT AUDITOR'S REPORT

**To the Members of Tech Mahindra Cerium Private Limited (Formerly known as Cerium Systems Private Limited)**

**Report on the Audit of the Consolidated Financial Statements**

### Opinion

We have audited the consolidated financial statements of Tech Mahindra Cerium Private Limited (Formerly known as Cerium Systems Private Limited) (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2023, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 consolidated state of affairs of the Group as at 31 March 2023, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

### 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 SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

### Information Other than the Financial Statements and Auditor's Report Thereon

The Holding Company's Management and Board of Directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Holding Company's director's report, but does not include the financial statements and auditor's report(s) thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

### Management's and Board of Directors Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 with reference to 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 the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) 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 A. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2023 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies, incorporated in India is disqualified as on 31 March 2023 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 with reference to financial statements of the Holding Company and its subsidiary companies and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.

B. 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:

a. There were no pending litigations as at 31 March 2023 which would impact the consolidated financial position of the Group.

b. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2023.

c. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies during the year ended 31 March 2023.

d (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 41(IV) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies, incorporated in India to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or its subsidiary companies (“Ultimate Beneficiaries”), incorporated in India or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ii) The management has represented, that, to the best of its knowledge and belief, as disclosed in the Note 41(V) to the consolidated financial statements no funds have been received by the Holding Company or its subsidiary companies, incorporated in India from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary companies, incorporated in India shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties (“Ultimate Beneficiaries”) or provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The Holding Company and its subsidiary companies incorporated in India have neither declared nor paid any dividend during the year.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

**For B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

**Ashish Gupta**
Partner
Membership No.: 215165
ICAI UDIN:23215165BGXRHW4616

Place: London, UK
Date: 23 May 2023

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF TECH MAHINDRA CERIUM PRIVATE LIMITED (FORMERLY KNOWN AS CERIUM SYSTEMS PRIVATE LIMITED) FOR THE YEAR ENDED 31 MARCH 2023

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

(xxi) According to the information and explanations given to us and based on our examination, there are no companies included in the consolidated financial statements of the Holding Company which are companies incorporated in India except the Holding Company. The Companies (Auditor's Report) Order, 2020 of the Holding Company did not include any unfavourable answers or qualifications or adverse remarks.

**For B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

**Ashish Gupta**
Partner
Membership No.: 215165
ICAI UDIN:23215165BGXRHW4616

Place: London, UK
Date: 23 May 2023

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF TECH MAHINDRA CERIUM PRIVATE LIMITED (FORMERLY KNOWN AS CERIUM SYSTEMS PRIVATE LIMITED) FOR THE YEAR ENDED 31 MARCH 2023

**Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act**

**(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

In conjunction with our audit of the consolidated financial statements of Tech Mahindra Cerium Private Limited (Formerly known as Cerium Systems Private Limited) (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company , as of that date.

In our opinion, the Holding Company, has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Holding Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

The Holding Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Holding Company's considering the essential components of internal control stated in the Guidance Note. 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 the Holding 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 Act.

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 judgement, including the assessment of the risks of material misstatement of the consolidated 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 internal financial controls with reference to financial statements.

Annexure B to the Independent Auditor's Report on the consolidated financial statements of Tech Mahindra Cerium Private Limited (Formerly known as Cerium Systems Private Limited) for the year ended 31 March 2023 (Continued)

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 consolidated 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 consolidated financial statements.

Because of the inherent limitations of internal financial controls with reference to 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

**Ashish Gupta**
Partner
Membership No.: 215165
ICAI UDIN:23215165BGXRHW4616

Place: London, UK
Date: 23 May 2023

# CONSOLIDATED BALANCE SHEET

**As at 31 March 2023**

| | Note No. | 31-Mar-23 | 31-Mar-22 |
|---|---|---|---|
| | | Amount in million | |
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| (a Property, Plant and Equipment | 3 | **12** | 15 |
| (b) Right-of-Use Asset | 4 | **384** | 396 |
| (c) Intangible Assets | 5 | **-** | 0 |
| (d) Other Financial Assets | 6 | **824** | 42 |
| (e) Deferred Tax Assets (Net) | 36 | **55** | 38 |
| (f) Other Non-Current Assets | 7 | **12** | 13 |
| Total Non-Current Assets | | **1,287** | 505 |
| Current Assets | | | |
| (a) Financial Assets | | | |
| (i) Trade Receivables | 8 | | |
| (1) Billed | | **384** | 204 |
| (2) Unbilled | | **111** | 63 |
| (ii) Cash and Cash Equivalents | 9 | **367** | 942 |
| (iii) Bank balances other than (ii) above | 10 | **504** | - |
| (iii) Other Financial Assets | 11 | **8** | 2 |
| (b) Other Current Assets | 12 | **405** | 478 |
| **Total Current Assets** | | **1,779** | 1,689 |
| **Total Assets** | | **3,066** | 2,193 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity Share Capital | 13 | **32** | 31 |
| (b) Other Equity | 14 | **2,065** | 1,255 |
| **Total Equity** | | **2,097** | 1,286 |
| **LIABILITIES** | | | |
| **Non-Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Lease Liability | 35 | **327** | 336 |
| (ii) Other Financial Liabilities | 15 | **-** | 50 |
| (b) Provisions | 16 | **58** | 51 |
| **Total Non - Current Liabilities** | | **385** | 437 |

Amount in million

| | Note No. | 31-Mar-23 | 31-Mar-22 |
|---|---|---|---|
| **Current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Lease Liability | 35 | **102** | 75 |
| (ii) Trade Payables | 32 | **46** | 124 |
| (iii) Other Financial Liabilities | 17 | **125** | 39 |
| (d) Other Current Liabilities | 18 | **85** | 70 |
| (b) Provisions | 19 | **8** | 6 |
| (c) Current Tax Liabilities (Net) | | **218** | 156 |
| **Total Current Liabilities** | | **584** | 470 |
| **Total Equity and Liabilities** | | **3,066** | 2,193 |
| **Significant Accounting Policies** | 1-2 | | |
| **Notes to the consolidated financial statements** | 3-41 | | |

The notes referred to above from an integral part of the consolidated financial statements

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm registration Number :101248W / W-100022

**Ashish Gupta**
Partner
Membership No.215165
Place: London, UK
Date: 23 May 2023

For and on behalf of the Board of Directors of

**Tech Mahindra Cerium Private Limited**
CIN:U72200KA2013PTC070882

**Sudhakar Palisetti**
Director
DIN: 02861107
Place: Bangalore
Date: 23 May 2023

**Vivek Satish Agarwal**
Director
DIN: 05218475
Place: Bangalore
Date: 23 May 2023

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

**for the year ended 31 March 2023**

Amount in million

| | | Note No. | For the year ended 31-Mar-2023 | For the year ended 31-Mar-2022 |
|---|---|---|---|---|
| **I** | **Revenue from Operations** | 20 | **4,102** | 3,530 |
| **II** | **Other Income** | 21 | **132** | 56 |
| **III** | **Total Income (I +II)** | | **4,234** | 3,586 |
| **IV** | **EXPENSES** | | | |
| | Employee Benefit Expense | 22 | **2,736** | 2,725 |
| | Subcontracting Expenses | | **298** | 285 |
| | Finance Costs | 23 | **53** | 21 |
| | Depreciation and Amortisation Expense | 24 | **124** | 76 |
| | Other Expenses | 25 | **106** | 76 |
| | Total Expenses | | **3,317** | 3,183 |
| **V** | **Profit before Tax (III-IV)** | | **917** | 403 |
| **VI** | **Tax Expense** | | | |
| | Current tax | 36 | **299** | 233 |
| | Deferred Tax (credit) | 36 | **(18)** | (5) |
| | Total Tax Expense | | **281** | 228 |
| **VII** | **Profit after Tax** | | **636** | 175 |
| **VIII** | **Other Comprehensive Income** | | | |
| | **I. Items that will not be re-classified to Profit or Loss** | | | |
| | - Remeasurements of the Defined Benefit Liabilities / (Asset) | 34 | **5** | (4) |
| | - Income tax relating to items that will not be reclassified to Profit or Loss | 36 | **(1)** | 1 |
| | **II. Items that may be re-classified to Profit or Loss** | | | |
| | Exchange differences in translating the Financial Statements of Foreign Operations - gain/(loss) (net) | | **21** | 10 |
| **IX** | **Total Other Comprehensive Income** | | **25** | 7 |
| **X** | **Total Comprehensive Income for the year (VII + IX)** | | **661** | 182 |
| | **Earnings per share ('EPS') of nominal value of share ₹ 10 (31 March 2023: ₹ 10) (March 31, 2022 : ₹ 10)** | | | |
| | Basic EPS | 37 | **201.86** | 56.83 |
| | Diluted EPS | 37 | **201.05** | 55.33 |
| **Significant Accounting Policies** | | 1-2 | | |
| **Notes to the consolidated financial statements** | | 3-41 | | |

The notes referred to above from an integral part of the consolidated financial statements

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm registration Number :101248W / W-100022

**Ashish Gupta**
Partner
Membership No.215165
Place: London, UK
Date: 23 May 2023

For and on behalf of the Board of Directors of

**Tech Mahindra Cerium Private Limited**
CIN:U72200KA2013PTC070882

**Sudhakar Palisetti**
Director
DIN: 02861107
Place: Bangalore
Date: 23 May 2023

**Vivek Satish Agarwal**
Director
DIN: 05218475
Place: Bangalore
Date: 23 May 2023

# CONSOLIDATED STATEMENT OF CASH FLOW

**for the year ended 31 March 2023**

Amount in million

| | **For the year ended 31-Mar-2023** | For the year ended 31-Mar-2022 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| **Profit/(Loss) Before Tax** | **917** | 403 |
| Adjustments for : | | |
| Depreciation and Amortisation Expenses | **124** | 76 |
| Net (gain)/loss on disposal of Property, Plant and Equipment and Intangible Assets | **(0)** | - |
| Finance Costs | **53** | 21 |
| Employment linked Contingent Consideration (Refer Note 22) | **149** | 550 |
| Unrealised Exchange (Gain) / Loss (net) | **19** | 8 |
| Interest Income | **(39)** | (2) |
| | **1,223** | 1,056 |
| **Changes in working capital :** | | |
| Trade Payables | **(38)** | 128 |
| Other financial liabilities, other liabilities and provisions | **19** | 21 |
| Trade Receivables | | |
| (1) Billed | **(178)** | (24) |
| (2) Unbilled | **(47)** | (41) |
| Contract assets | **59** | (331) |
| Other financial assets and other assets | **6** | (57) |
| **Cash generated from operating activities before taxes** | **1,044** | 752 |
| Income taxes paid, net | **(237)** | (117) |
| **Net cash generated from Operating activities (A)** | **807** | 635 |
| **Cash Flow from Investing Activities:** | | |
| Purchase of property plant and equipment and intangible assets (net of disposal) | **(8)** | (4) |
| Investment in fixed depoits with banks having original maturity of more than 3 months | **(1,254)** | - |
| Interest income received | **14** | 2 |

Amount in million

| | **For the year ended 31-Mar-2023** | For the year ended 31-Mar-2022 |
|---|---|---|
| **Net cash generated used in Investing activities (B)** | **(1,248)** | (2) |
| **Cash Flow from Financing Activities:** | | |
| Proceeds from Issuance of Equity Shares from exercise of stock options | **1** | 1 |
| Buy back of shares and tax there on | **-** | (10) |
| Tax on buy back of equity shares | **-** | (2) |
| Repayment of lease liabilities | **(82)** | (53) |
| Interest paid | **(53)** | (21) |
| **Net Cash Flow from Financing Activities ( C )** | **(134)** | (85) |
| **Net Increase/(decrease) in cash and cash equivalents during the year (D) = (A+B+C)** | **(575)** | 548 |
| **Cash and cash Equivalent at the beginning of the year (E)** | **942** | 394 |
| **Cash and Cash Equivalents at the end of the year (F) = (D+E) (refer note 9)** | **367** | 942 |
| **Significant Accounting Policies** 1-2 | | |
| **Notes to the consolidated financial statements** 3-41 | | |

The notes referred to above from an integral part of the consolidated financial statements

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm registration Number :101248W / W-100022

**Ashish Gupta**
Partner
Membership No.215165
Place: London, UK
Date: 23 May 2023

For and on behalf of the Board of Directors of

**Tech Mahindra Cerium Private Limited**
CIN:U72200KA2013PTC070882

**Sudhakar Palisetti**
Director
DIN: 02861107
Place: Bangalore
Date: 23 May 2023

**Vivek Satish Agarwal**
Director
DIN: 05218475
Place: Bangalore
Date: 23 May 2023

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

(All amounts are Indian Rupees in million except per share and number of shares data, and ‘0’ represents amount less than million )

### A. Equity Share Capital

| Balance as at 1 April 2022 | Changes in Equity Share Capital during the year | Balance as at 31 March 2023 |
|---|---|---|
| 31 | 1 | 32 |

| Balance as at 1 April 2021 | Changes in Equity Share Capital during the year | Balance as at 31 March 2022 |
|---|---|---|
| 30 | 1 | 31 |

### B. Other Equity

| Particulars | Share application Money pending allotment | Reserves & Surplus | | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | Capital reserve | Securities Premium | Share Option Outstanding Account | Capital Redemption Reserve | Retained Earnings | Foreign Currency Translation Reserve | |
| Balance as at 1 April, 2022 | - | 865 | 234 | 54 | 0 | 98 | 4 | 1,255 |
| Profit for the year | | | | | | 636 | | 636 |
| Other Comprehensive Income | | | | | | 4 | 21 | 25 |
| Transfer from share option outstanding account on exercise of stock options | | | 54 | | | | | 54 |
| Transfer to secutities premium on exercise of stock options | | | | (54) | | | | (54) |
| Received on exercise of options | 1 | | | | | | | 1 |
| Transfer on allotment of Equity shares | (1) | | | | | | | (1) |
| Contribution from holding Company toward employee compensation | | 149 | | | | | | 149 |
| **Balance as at 31 March, 2023** | **-** | **1,014** | **288** | **-** | **0** | **738** | **25** | **2,065** |

| Particulars | Share application Money pending allotment | Reserves & Surplus | | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | Capital reserve | Securities Premium | Share Option Outstanding Account | Capital Redemption Reserve | Retained Earnings | Foreign Currency Translation Reserve | |
| Balance as at 1 April, 2021 | | 315 | 188 | 113 | - | (74) | (6) | 536 |
| Profit for the year | | | | | | 175 | | 175 |
| Other Comprehensive Income | | | | | | (3) | 10 | 7 |
| Transfer from share option outstanding account on exercise of stock options | | | 57 | | | | | 57 |
| Transfer to secutities premium on exercise of stock options | | | | (57) | | | | (57) |
| Transfer from securities premium on buy back of equity shares | | | (11) | | | | | (11) |
| Transfer from Equity shares on account of buy back of equity shares | | | | | 0 | | | 0 |
| Received on exercise of options | 1 | | | | | | | 1 |
| Transfer on allotment of Equity shares | (1) | | | | | | | (1) |
| Contribution from holding Company toward employee compensation | | 550 | | | | | | 550 |
| Tax on buy back of Equity shares | | | | | | (1) | | (1) |
| Transfer to retained earnings on account of lapsed stock options | | | | (2) | | 2 | | - |
| Balance as at 31 March, 2022 | **-** | **865** | **234** | **54** | **0** | **98** | **4** | **1,255** |

**Nature & purpose of reserves -**

**Securities premium :**

Securities premium is used to record the premium received on issue of shares. It is utilized in accordance with the provisions of the Companies Act, 2013.

**Capital Reserve:**

Capital Reserve has been created on account of employment linked contingent consideration payable by Tech Mahindra Limited to certain employees of the Company pursuant to share purchase agreement entered between Tech Mahindra Limited, the Company and its erstwhile shareholders dated 9 April, 2020.

**Retained Earnings:**

Retained earnings are the profit/(loss) that a Company has earned/incurred to date, less any dividends or other distributions paid to shareholders.

**Share option outstanding Account**

The Company has established equity settled share based payment plans for ceratin categories of employees of the Company. Refer Note 31 for further details.

**Capital Redemption Reserve**

As per Companies Act, 2013, capital redemption reserve is created when Company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of the shares so purchased is transferred to capital redemption reserve. The reserve is utilised in accordance with the provisions of section 69 of the Companies Act, 2013.

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm registration Number :101248W / W-100022

**Ashish Gupta**
Partner
Membership No.215165
Place: London, UK
Date: 23 May 2023

For and on behalf of the Board of Directors of

**Tech Mahindra Cerium Private Limited**
CIN:U72200KA2013PTC070882

**Sudhakar Palisetti**
Director
DIN: 02861107
Place: Bangalore
Date: 23 May 2023

**Vivek Satish Agarwal**
Director
DIN: 05218475
Place: Bangalore
Date: 23 May 2023

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

**1 Corporate Information:**

Tech Mahindra Cerium Private Limited (Formerly known as Cerium Systems Private Limited), herein referred to as”Company” was incorporated on 5th day of September 2013 as a Company with the limited liability under the Companies Act, 1956. The Company is engaged into providing design services in semi-conductor industry and embedded software services. The address of the registered office is No.527, 22nd Main, Sector-1, Agara, HSR Layout, Karnataka, Bangalore-560102. The Company was acquired by Tech Mahindra Limited pursuant to a share purchase agreement dated 09 April 2020. Accordingly, as per the proviso to section 2(71) of the Companies Act, 2013, the Company is deemed to a public company. The Company together with its Subsidaries (Techmahindra Cerium Systems SDN BHD and Techmahindra Cerium Systems Inc) are referred to as a group.

**2 Significant accounting policies:**

**2.1 Statement of Compliance:**

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as“Ind AS”) prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

**2.2 Basis for preparation of Consolidated financial statements**

These consolidated financial statements are presented in Indian rupees (“INR”) which is also the Group’s functional currency. All amounts have been reported in Indian Rupees except for share and earnings per share data, unless otherwise stated. These consolidated financial statements have been prepared on the historical cost basis and on an accrual basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. All assets and liabilities have been classified as current and non-current as per the Group’s normal operating cycle

**Current/ Non-current classification**

The Group classifies an asset as current asset when:- it expects to realise theasset, or intends to sell or consume it, in its normal operating cycle;

- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is 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 classified as current when –- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group’s normal operating cycle is twelve months.

The functional currency of the Group is the Indian Rupee (“INR”). The functional currency of foreign subsidiaries is the currency of the primary economic environment in which the entity operates.

These Consolidated financial statements have been prepared on historical cost basis and on an accrual basis, except for certain financial instruments which are measured at fair value or amortised cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for measurement and/or disclosure purpose in these Consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 Share-based Payments, leasing transactions that are within the scope of Ind AS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as 'value in use', in Ind AS 36 Impairment of assets. All assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle.

All assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group's normal operating cycle is twelve months

**2.3 Basis of Consolidation**

The Consolidated financial statements comprise the financial statements of Tech Mahindra Cerium Private Limited and its subsidiaries (the Company and its subsidiaries constitute "the Group"). The Company consolidates all entities which are controlled by it.

The Company establishes control when; it has power over the entity, is exposed or has rights to variable returns from its involvement with the entity and has ability to affect the entity's returns by using its power over the entity. The results of subsidiaries acquired, or sold, during the period are Consolidated from the effective date of acquisition and up to the effective date of disposal, as appropriate.

The Consolidated financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances, transactions including unrealized gain / loss from such transactions and cash flows are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the company, are excluded.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the company's interests and the non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as on the date of disposal is recognised in the Consolidated statement of profit and loss being the profit or loss on disposal of investment in subsidiary.

**Use of Estimates:**

The preparation of consolidated financial statements requires the management of the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of consolidated financial statements, disclosure of contingent liabilities as at the date of the consolidated financial statements and the reported amounts of income and expenses during the reported period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**Critical accounting estimates**

**i) Revenue Recognition**

The Group applies the percentage of completion method in accounting for its fixed price development contracts. Use of the percentage of completion method requires the Group to estimate the efforts or costs expended to date (input method) as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations

The Group exercises judgments while determining the transaction price allocated to performance obligations using the expected cost plus margin approach.

**ii) Property, plant and equipment**

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation 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 Group's assets are determined by management at the time the asset is acquired and reviewed at the end of each reporting period. 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. The policy for the same has been explained under Note 2.4.

**iii) Impairment testing**

Investments in subsidiaries and intangible assets are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or cash generating units to which these pertain is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to dispose. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions. The policy for the same has been explained under Note 2.7.

**iv) Provisions**

A provision is recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. The policy for the same has been explained under Note 2.16.

**v) Defined benefit plans and compensated absences**

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. 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 policy for the same has been explained under Note 2.11.

**vi) Expected credit losses on financial assets**

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period. The policy for the same has been explained under Note 2.7.

**vii) Other estimates**

The share based compensation expense is determined based on the Group's estimate of equity instruments that will eventually vest.

**2.4 Property, Plant & Equipment and Intangible assets:**

Property, Plant & Equipment and intangible assets are stated at cost less accumulated depreciation/amortisation and net of impairment. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable costs of bringing the item to its working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located. 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 Group and the cost of the item can be measured reliably.

The cost of property, plant and equipment not available for use as at each reporting date is disclosed under capital work in progress.

Depreciation on Property, Plant & Equipment (including assets taken on lease), other than freehold land, is charged based on the straight line method on the estimated useful life as prescribed in Schedule II to the Companies Act, 2013 except in respect of the certain categories of assets, where the life of the assets has been assessed based on internal technical estimate, considering the nature of the asset and estimated usage of the asset, the operating conditions of asset, past history of replacement, anticipated technological changes.

The estimated useful lives of assets are as follows:

| Particulars | Life |
|---|---|
| Furniture and Fixtures | 5 years |
| Vehicles | 5 years |
| Computers | 3 years |
| Office Equipments | 5 years |

The estimated useful life of intangible assets (software) is 1 to 4 years and these are amortized on a straight line basis. Project specific intangible assets are amortized over their estimated useful life on a straight line basis or over the period of the license/project period, whichever is lower.

The estimated useful life and residual values of Property, Plant & Equipment and Intangible assets are reviewed at the end of each reporting period.

Assets acquired under leasehold improvements are amortized over the shorter of estimated useful life of the asset or the related lease term.

An item of Property, Plant & Equipment and intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant & Equipment and intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**2.5 Foreign Operations:**

For the purpose of these consolidated financial statements, the assets and liabilities of the Group’s foreign operations are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising on translation are recognised in other comprehensive income and accumulated in equity.

**2.6 Leases:**

At inception of the contract, the Group determines whether the contract is a lease or contains a lease arrangement. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Group as a lessee**

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of- use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of- use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the consolidated statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group recognises the amount of the re- measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in consolidated statement of profit and loss.

The Group has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

At the inception of the lease the Group classifies each of its leases as either an operating lease or a finance lease. The Group recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor’s net investment in the lease. When the Group is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, the Group applies Ind AS 115 Revenue to allocate the consideration in the contract.

**2.7 Impairment of Assets:**

**i) Financial assets**

The Group applies the expected credit loss model for recognizing impairment loss on financial assets.

Expected credit loss is the difference between the contractual cash flows and the cash flows that the entity expects to receive discounted using effective interest rate.

For trade receivables that do not contain a significant financing component, the Group apply simplified approach. The Group uses simplified approach to calculate impairment on trade receivables and has not assessed credit risk individually. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment, that includes forward-looking information.

**ii) Non Financial assets**

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 Unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the consolidated statement of profit and loss.

**2.8 Revenue recognition:**

Revenue from business include revenue earned from services rendered on ‘time and material’ basis and fixed price development contracts.

Revenue is recognised at transaction price upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services, net of indirect taxes, discounts, rebates, credits, price concessions, incentives, performance bonuses, penalties, or other similar items.

Revenue from time and material contracts is recognised as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognised as unbilled revenue.

Revenue on fixed price development contracts is recognised using the ‘percentage of completion’ method of accounting, unless work completed cannot be reasonably estimated. 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 Group does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognised 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 recognised in the consolidated statement of profit and loss in the period in which such losses become probable based on the current contract estimates.

Contracts assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract liability (“Unearned revenue”) arises when there are billing in excess of revenue.

Fixed price development contracts and related services, the performance obligation is satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

The Group accounts for volume discount and pricing incentives to customers as a reduction based on ratable allocation of the discounts/ incentives amount to each of the underlying performance obligation that corresponds to the progress made by the customer towards earning the discount/incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Group recognises the liability based on its estimate of the customer’s future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognised until the payment is probable and the amount can be estimated reliably. The Group recognises changes in the estimated amount of obligations for discounts in the period in which the change occurs.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the consolidated selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the consolidated selling price, or as a termination of the existing contract and creation of a new contract if not priced at the consolidated selling price.

The Group disaggregates revenue from contracts with customers by nature of services and geography verticals.

**2.9 Foreign currency transactions:**

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the date of Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised in the profit or loss.

**2.10 Financial Instruments:**

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

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. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss.

**i) Non-derivative financial instruments:**

**Cash and cash equivalents**

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost using the effective interest method less impairment losses, if these financial assets are held within a business model 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.

**Financial assets at fair value**

Financial assets not measured at amortised cost are carried at fair value through profit or loss (FVTPL) on initial recognition, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in ‘other comprehensive income’, for investment in equity instruments which are not held for trading.

The Group, on initial application of IND AS 109 Financial Instruments, has made an irrevocable election to present in ‘other comprehensive income’, subsequent changes in fair value of equity instruments not held for trading.

Financial asset at FVTPL, are measured at fair values at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

**Investment in subsidiaries**

Investment in subsidiaries is carried at cost less impairment as per Ind AS 27 Consolidated and Separate Financial Statements.

**Financial liabilities**

Financial liabilities are subsequently carried at amortised cost using the effective interest rate method or at FVTPL. For financial liabilities carried at amortised cost, the carrying amounts approximate fair values due to the short term maturities of these instruments. Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised in a business combination, or is held for trading or it is designated as FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit and loss.

**ii) Derecognition of financial instruments**

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group retains substantially all the risk and rewards of transferred financial assets, the Group continues to recognise the financial asset and also recognises the borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligation are discharged, cancelled or have expired.

**2.11 Employee Benefits**

**a. Defined benefit plans:**

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's last drawn salary and the tenure of the employment.

**b. Defined contribution plans:**

i) Provident fund: The eligible employees of the Group are entitled to receive the benefits of Provident fund, a defined contribution plan, in which both employees and the Group make monthly contributions at a specified percentage of the covered employees' salary (currently at 12% of the basic salary) which are charged to the consolidated statement of profit and loss on accrual basis. The provident fund contributions are paid to the Regional Provident Fund Commissioner by the Group. The Group has no further obligations for future provident fund.

ii) Superannuation and ESIC: Contributions to Superannuation fund and employees' state insurance scheme (ESI), which are defined contribution schemes, are charged to the consolidated statement of profit and loss on an accrual basis. The Group has no further obligations for future superannuation fund benefits other than its annual contributions.

**c. Compensated absences:**

The Group provides for compensated absences and long term service awards subject to Group's rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is accrued based on the number of days of unavailed leave at each Balance Sheet date and the awards are accrued based on number of years of service of an employee. It is measured at the balance sheet date on the basis of an independent actuarial valuation using the Projected Unit Credit method.

Actuarial gains and losses are recognised in full in the Consolidated statement of profit and loss in the period in which they occur. The Group also off a short term benefi in the form of encashment of unavailed accumulated compensated absences above certain limits for all of its employees and same is recognised as undiscounted liability at the balance sheet date.

**d. Other short term employee benefits:**

Other short-term employee benefits such as overseas social security contributions and performance incentives expected to be paid in exchange for services rendered by employees, are recognised in the consolidated statement of profit and loss during the period when the employee renders the service.

**2.12 Taxation:**

Tax expense comprises of current tax and deferred tax. 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.

Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemptions in accordance with the local tax laws existing in the respective countries.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are recognised in other comprehensive income or directly in equity, respectively.”

Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit has a legally enforceable right and intends to settle the asset and liability on a net basis.

Deferred income taxes: Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred income tax assets are recognised 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 utilised. The carrying amount of deferred 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 utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India. MAT credit is recognised for future economic benefits in the form of adjustment of future income tax liability and is considered as an asset if there is probable evidence that the Group will pay normal income tax.

Deferred tax assets and liabilities are offset when it relates to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

The Group recognises interest levied and penalties related to income tax assessments in interest expenses.

**2.13 Employee Stock Option Plans:**

Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortization). The share based compensation expense is determined based on the Group’s estimate of equity instruments that will eventually vest. The expense is recognised in the statement of profit and loss with a corresponding increase to the ‘share option outstanding account’, which is a component of equity.

**2.14 Research and development:**

Research costs are recognised as an expense in the consolidated statement of profit and loss in the period they are incurred. Development costs are recognised in the consolidated statement of profit and loss unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Group has an intention and ability to complete the development project and use the asset and the costs can be measured reliably.

**2.15 Earnings per Share:**

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the period. For calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

**2.16 Provisions and Contingent Liabilities:**

A provision is recognised when the Group has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance costs.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

**2.17 Recent pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Group does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group is evaluating the impact, if any, in its financial statements. "

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its financial statements

**Note -3: Property, Plant and Equipment**

| Particulars | Computers | Furniture and Fixtures | Vehicles | Office Equipments | Leasehold Improvements | Total |
|---|---|---|---|---|---|---|
| **Gross Block** | | | | | | |
| As at 1 April 2021 | 36 | 26 | 5 | 8 | 1 | 77 |
| Additions | 1 | - | - | 3 | - | 4 |
| Deletions | - | - | - | - | - | - |
| Foreign currency translation | - | - | - | - | - | - |
| Balance as at 31 March 2022 | 37 | 26 | 5 | 11 | 1 | 81 |
| As at 1 April 2022 | 37 | 26 | 5 | 11 | 1 | 81 |
| Additions | 3 | 0 | 0 | 3 | 2 | 8 |
| Deletions | 0 | 0 | 5 | 0 | 0 | 5 |
| Foreign currency translation | - | - | - | - | - | - |
| **Balance as at 31 March 2023** | **40** | **26** | **-** | **15** | **3** | **84** |
| Accumulated Depreciation | | | | | | |
| As at 1 April 2021 | 29 | 16 | 4 | 4 | 1 | 54 |
| Depreciation for the year | 5 | 5 | 1 | 1 | 0 | 12 |
| Accumulated depreciation on disposals | - | - | - | - | - | - |
| Foreign currency translation | (0) | (0) | (0) | 0 | (0) | 0 |
| As at 31 March 2022 | 34 | 21 | 5 | 5 | 1 | 66 |
| Depreciation for the year | 3 | 3 | 0 | 3 | 2 | 11 |
| Accumulated depreciation on disposals | - | - | 5 | - | - | 5 |
| Foreign currency translation | 0 | 0 | - | (0) | (0) | 0 |
| **As at 31 March 2023** | **37** | **24** | **-** | **8** | **3** | **72** |
| Net block | | | | | | |
| As at 31 March 2022 | 3 | 5 | 0 | 6 | 0 | 15 |
| **As at 31 March 2023** | **3** | **2** | **-** | **7** | **0** | **12** |

**Note -4: Right of Use Assets**

| Particulars | Office Premises | Total |
|---|---|---|
| **Gross Block** | | |
| **Balance as at 1 April 2021** | 86 | 86 |
| Additions | 412 | 412 |
| Deletions | 53 | 53 |
| **Balance as at 31 March 2022** | 445 | 445 |
| **Additions** | 100 | 100 |
| **Deletions** | 7 | 7 |
| **Balance as at 31 March 2023** | 538 | 538 |
| **Accumulated Amortization** | | |
| As at 1 April 2021 | 39 | 39 |
| Amortization for the year | 64 | 64 |
| Accumulated Amortization on disposals | 54 | 54 |
| Foreign currency translation reserve Impact | (0) | (0) |
| **As at 31 March 2022** | 49 | 49 |

| Particulars | Office Premises | Total |
|---|---|---|
| **Amortization for the year** | 112 | 112 |
| **Accumulated Amortization on disposals** | 7 | 7 |
| **Foreign currency translation reserve Impact** | (0) | (0) |
| **As at 31 March 2023** | 154 | 154 |
| **Net block** | | |
| As at 31 March 2022 | 396 | 396 |
| **As at 31 March 2023** | 384 | 384 |

**Note -5: Intangible Assests**

| Particulars | Office Premises | Total |
|---|---|---|
| Gross Block | | |
| Balance as at 1 April 2021 | 0 | 0 |
| Additions | 0 | 0 |
| Deletions | - | - |
| Balance as at 31 March 2022 | 0 | 0 |
| **Additions** | - | - |
| **Deletions** | - | - |
| **Balance as at 31 March 2023** | 0 | 0 |
| **Accumulated Amortization** | | |
| As at 1 April 2021 | 0 | 0 |
| Amortization for the year | 0 | 0 |
| Accumulated Amortization on disposals | - | - |
| **As at 31 March 2022** | 0 | 0 |
| **Amortization for the year** | 0 | 0 |
| **Accumulated Amortization on disposals** | - | - |
| **As at 31 March 2023** | 0 | 0 |
| **Net Block** | | |
| **As at 31 March 2022** | 0 | 0 |
| **As at 31 March 2023** | - | - |

**Note -6**
**Other Financial Assets - Non Current**
**(Unsecured, considered good )**

| | As at | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| To parties other than related parties | | |
| a) Interest Receivable | | |
| Interest accrued on deposits and advances | **22** | 0 |
| | **22** | 0 |
| b) Security Deposits | **51** | 41 |
| | **51** | 41 |
| c) Bank deposits having maturities of more than 12 months from the Balance Sheet date | **751** | 1 |
| | **751** | 1 |
| **Total** | **824** | 42 |

**Note -7**

**Other Non-Current Assets**

**(Unsecured, considered good )**

| | As at | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Prepaid Expenses | **12** | 12 |
| Capital Advances | **-** | 1 |
| **Total** | **12** | 13 |

**Note -8**

**Trade Receivables**

**(Unsecured, considered good unless otherwise stated)**

| | As at | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Trade receivable - Billed | **384** | 204 |
| Less: Allowance for expected credit loss | **-** | - |
| | **384** | 204 |
| Credit Impaired | **0** | 0 |
| Less: Allowance for expected credit loss | **(0)** | (0) |
| | **-** | - |
| Total trade receivable - Billed (Refer Note 30 for Related Party Transactions) | **384** | 204 |
| Trade receivable - Unbilled (Refer Note 30 for Related Party Transactions) | **111** | 63 |
| Total | **495** | 267 |

**Note -9**

**Cash and Cash Equivalents**

| | As at | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Cash in hand | **0** | 0 |
| Balances with banks | | |
| In current accounts | **316** | 942 |
| In deposit accounts (with original maturity less than 3 months) | **51** | - |
| **Total** | **367** | 942 |

**Note -10**

**Other Balances with Bank**

| | As at | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| **Other Bank Balances** | | |
| - Deposit account with banks (Deposits with banks with original maturity of more than three months but less than twelve months) | **504** | - |
| **TOTAL** | **504** | - |

**Note -11**
**Other Financial Assets**

| | As at | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Security Deposits (Unsecured, considered good ) | **4** | 2 |
| Interest accrued on deposits | **4** | - |
| **Total** | **8** | 2 |

**Note -12**
**Other current assets**
**(Unsecured, considered good )**

| | As at | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Advances to Employees | **2** | 2 |
| Contracts Assets (Refer Note 30 for Related Party Transactions) | **389** | 447 |
| Prepaid Expenses | **14** | 24 |
| Balance with Government Authorities | **0** | 1 |
| Other Advances | **0** | 4 |
| **Total** | **405** | 478 |

**13 Equity Share Capital**

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| **Authorized** | | |
| 40,00,000 (31 March 2022 : 40,00,000) equity shares of ₹ 10 each | **40** | 40 |
| | **40** | 40 |
| **Issued, subscribed and fully paid up** | | |
| 31,65,392 ( 31 March 2022 : 30,80,862) equity shares of ₹ 10 each | **32** | 31 |
| | **32** | 31 |

**a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period**

| | **31-Mar-23** | | 31-Mar-22 | |
|---|---|---|---|---|
| | **Number of shares** | **Amount** | Number of shares | Amount |
| **Equity shares** | | | | |
| At the commencement of the year | **3,080,862** | **31** | 3,002,033 | 30 |
| Issued during the year | **84,530** | **1** | 87,879 | 1 |
| Buy Back of shares during the year | **-** | **-** | (9,050) | (0) |
| At the end of the year | **3,165,392** | **32** | 3,080,862 | 31 |

**b) Rights, preferences and restrictions attached to equity shares**

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder are in proportion to its share of the paid-up equity capital of the Company. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

Each equity share entitles the holder to one vote.

During the year ended March 31,2022, the Company bought back equity shares for an aggregate amount of ₹ 11 Million. The equity shares bought back were extinguished.

**c) Particulars of shareholders holding more than 5% shares of a class of shares**

| | **31-Mar-23** | | 31-Mar-22 | |
|---|---|---|---|---|
| | **Number of shares** | **% total holding in shares** | Number of shares | % total holding in shares |
| Equity shares of ₹ 10 each fully paid-up held by | | | | |
| Tech Mahindra Limited* | **2,690,583** | **85.00%** | 2,215,405 | 71.91% |
| NVL Holdings Pvt Ltd | **180,738** | **5.71%** | 329,439 | 10.69% |
| Surya Palisetti | **126,414** | **3.99%** | 230,421 | 7.48% |

* Pursuant to a share purchase agreement, Tech Mahindra Limited ('TechM') acquired 51% stake in the Company on 09 April, 2020 for a total consideration of ₹ 1,454 Million, out of which ₹ 916 Million was paid upfront to the shareholders of the Company. Further, TechM has also entered into an agreement to purchase the remaining 49% stake over a period of three-year, ending 31 March, 2023. Subsequently, TechM has acquired 9.24 %, 11.67% and 13.09% stake in FY 2020-21, FY 2021-22 and FY 2022-23 respectively. Also, as per the agreement, the remaining 15% is proposed to be acquired by Tech Mahindra Ltd in the FY2023-24.

**Promoter Holdings**

| **Shares held by promotes at the end of the year** | **For 31 March 2023** | | For 31 March 2022 | | Percentage of change during the year |
|---|---|---|---|---|---|
| **Promoter name** | **No of shares** | **% of total shares** | No of shares | % of total shares | |
| Tech Mahindra Limited | **2,690,583** | **85.00%** | 2,215,405 | 71.91% | 11.67% |
| NVL Holdings Pvt Ltd | **180,738** | **5.71%** | 329,439 | 10.69% | -4.33% |
| Surya Palisetti | **126,414** | **3.99%** | 230,421 | 7.48% | -3.03% |
| Sudhakar Palisetti | **66,750** | **2.11%** | 121,669 | 3.95% | -1.60% |

**d) Terms attached to stock options granted/ share purchase plan to employees are described in Note 30 regarding share-based payments.**

**e) Shares held by holding company**

| | **For 31 March 2023** | | For 31 March 2022 | |
|---|---|---|---|---|
| | **No of shares** | **Amount** | No of shares | Amount |
| Equity shares of INR 10 each fully paid up held by holding company | **2,690,583** | **27** | 2,215,405 | 22 |

**f)** Since the year 2017 3,58,335 equity shares were issued as a result of the exercise of vested options from the share option programme granted to key management personnel. In the Current Year options exercised were for 84,530 shares (31 March 2022: 87,879). Options were exercised at an average price of INR 10 per share. (see Note 31)

**g)** Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date is NIL

## 14 Other Equity

| | 31-Mar-23 | 31-Mar-22 |
|---|---|---|
| **Securities Premium** | | |
| At the commencement of the year | **234** | 188 |
| Transferred from share option outstanding account on exercise of stock options | **54** | 57 |
| Transfer from secutities premium on buy back of equity shares | **-** | (11) |
| At the end of the year (a) | **288** | 234 |
| **Capital Reserve** | | |
| At the commencement of the year | **865** | 315 |
| Addition on account of employment linked contingent consideration | **149** | 550 |
| At the end of the year (b) | **1,014** | 865 |
| **Share option outstanding Account** | | |
| At the commencement of the year | **54** | 113 |
| Add: Amortisation of Share Based Payments to Employees (net) | **-** | - |
| Less: Transferred to Securities Premium on exercise of stock options | **(54)** | (57) |
| Less: Transfer to Retained Earnings on account of stock options lapsed | **-** | (2) |
| At the end of the year (c) | **-** | 54 |
| **Retained earnings** | | |
| At the commencement of the year | **98** | (74) |
| Profit/(Loss) for the year | **636** | 175 |
| Other comprehensive income | **4** | (3) |
| Transfer from Share option oustanding account on account of options lapsed | **-** | 2 |
| Tax on buy back of Equity shares | **-** | (1) |
| At the end of the year (d) | **738** | 98 |
| **Capital Redemption Reserve** | | |
| At the commencement of the year | **0** | - |
| Addition on account of buy back of equity shares | **-** | 0 |
| At the end of the year (e) | **0** | 0 |
| **Foreign currency translation reserve** | | |
| At the commencement of the year | **4** | (6) |
| Exchange differences in translating the Financial Statements of Foreign Operations arised during the year | **21** | 10 |
| At the end of the year (f) | **25** | 4 |
| **Total (a + b + c + d + e + f)** | **2,065** | 1,255 |

## Note - 15 : Other Financial Liabilities - Non Current

| | As at | |
|---|---|---|
| | 31-Mar-23 | 31-Mar-22 |
| Dues payable to employees | **-** | 50 |
| **Total** | **-** | 50 |

**Note - 16: Provisions - Non Current**

| | As at | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Provision for Employee Benefits | | |
| Gratuity (Refer Note 34) | **51** | 44 |
| Compensated Absences | **7** | 7 |
| **Total** | **58** | 51 |

**Note - 17: Other Financial Liabilities - Current**

| | As at | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Accrued Employee Liabilities | **125** | 39 |
| **Total** | **125** | 39 |

**Note - 18: Other Current Liabilities**

| | As at | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Statutory dues payable | **85** | 70 |
| Others | **0** | 0 |
| **Total** | **85** | 70 |

**Note - 19: Provisions - Current**

| | As at | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Provision for employee benefits | | |
| Gratuity (Refer Note 35) | **6** | 4 |
| Compensated Absences | **2** | 2 |
| **Total** | **8** | 6 |

**Note - 20: Revenue from Operations**

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Sale of services (Refer Note 30 for Related Party Transactions) | **4,102** | 3,530 |
| **Total** | **4,102** | 3,530 |

**Note - 21: Other Income**

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| **Interest Income** | | |
| - On Bank deposits | **34** | 0 |
| - Others | **5** | 2 |
| Profit/ (Loss) on sale of Property, Plant & Equipments | **0** | - |
| Foreign Exchange gain/(loss) net | **76** | 52 |
| Miscellaneous Income | **17** | 2 |
| **Total** | **132** | 56 |

**Note - 22: Employee Benefits Expense**

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Salaries and Wages, including bonus* | **2,642** | 2,649 |
| Contribution to Provident and other Funds (Refer Note 34 ) | **66** | 53 |
| Gratuity (Refer Note 34 ) | **24** | 19 |
| Staff Welfare Expenses | **4** | 4 |
| **Total** | **2,736** | 2,725 |

***Notes:**

1. Salaries and wages includes an amount of ₹ 149 million (31 March 2022: ₹ 550 million) on account of employment linked contingent consideration pursuant to share purchase agreement entered between Tech Mahindra Limited, the Company and its shareholders dated 09 April, 2020.

2. Bonus expense also includes an amount of of ₹ 18 million (31 March 2022: ₹ 25 million) for cash bonus accrued to ESOP holders in accordance with Amended ESOP Plan 2020, which was paid on 10 April 2023.

**Note - 23: Finance Cost**

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Finance cost related to Lease Liabilities | **51** | 21 |
| Other interest expenses | **2** | 0 |
| **Total** | **53** | 21 |

**Note - 24 : Depreciation and Amortization Expense**

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Depreciation/Amortisation on Property ,Plant and Equipment & Intangible Assets | **12** | 12 |
| Depreciation on right of use asset | **112** | 64 |
| **Total** | **124** | 76 |

**Note - 25: Other Expenses**

| Particulars | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Power & Fuel Expenses | **4** | 3 |
| Rates and taxes | **0** | 2 |
| Communication Expenses | **9** | 10 |
| Travelling Expenses | **10** | 7 |
| Recruitment Expenses | **0** | 2 |
| Legal and other professional costs | **14** | 17 |
| Payment to statutory auditors (Refer Note 28) | **1** | 1 |
| Repair and maintenance Expenses | | |
| - Buildings (including leased premises) | **17** | 5 |
| - Machinery and Computers | **1** | 1 |
| - Others | **0** | 0 |
| Insurance charges | **43** | 25 |
| Advertisement, Promotion & Selling Expenses | **0** | 1 |
| General Office Expenses | **3** | 2 |
| Corporate Social Responsibility Expenditure (Refer Note 40 ) | **1** | - |
| Miscellaneous Expenses | **3** | 0 |
| **Total** | **106** | 76 |

**26 Commitments and Contingencies**

**a) Capital Commitments**

The Group does not have any capital commitments as at year ended 31 March 2023 and 31 March 2022.

**b) Bank guarantees and letters of comfort**

Bank Guarantees outstanding as at 31 March, 2023: 1 million (31 March, 2022: 1 million).

**c) Contingent Liabilities for Taxation Matters**

There are no pending litigations on the Group.

**d) Code of Social Security, 2020**

The Code on Social Security, 2020 ('Code') relating to employee benefits received the Presidential assent in September 2020. The effective date from which the changes are applicable is yet to be notified. The Company will evaluate and will give appropriate impact in the financial statements in the period in which the Code becomes effective and the related rules are published."

**27 Particulars of Consolidation**

The financial statements present the consolidated accounts of the Group, which consists of financial statements of Tech Mahindra Cerium Private Limited & its subsidiaries.

**Direct Subsidiaries:**

i) Tech Mahindra Cerium Systems Inc

ii) Tech Mahindra Cerium Systems SDN. BHD.

**28 Auditors' Remuneration (Exclusive of GST)**

| **Particulars** | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Audit Fees | **1** | 1 |
| For other service (buy back, certifications, etc.) | **-** | 0 |
| For Reimbursement of expenses | **0** | 0 |
| **Total** | **1** | 1 |

**29 Related party relationships and transactions**

**A. Name of related party :**

| **Name** | **Relation** |
|---|---|
| Tech Mahindra Limited | Holding Group |
| Tech Mahindra ICT Services (Malaysia) SDN BHD | Subsidiary of Holding Co |
| Tech Mahindra Technologies, Inc | Subsidiary of Holding Co |
| Tech Mahindra Cerium Systems SDN BHD | Direct Subsidiary |
| Tech Mahindra Cerium Systems INC | Direct Subsidiary |

**B. Key management personnel (KMP)**

Sudhakar Palisetti (Director)

Vivek Satish Agarwal (Non- Executive Director

Jayakumar Gorla (Director upto 9 April 2020 and Chief Operating Officer w.e.f. 9 April 2020)

Jayaraman Ganapathy (Independent Director w.e.f. 2 June 2021)

Bangre Prabhakararao Sachin Kumar (Independent Director w.e.f. 2 June 2021)

Narasimham Venkata Rachakonda (Non- Executive Director w.e.f. 13 December 2021)

**C. Disclosure of related party transactions:**

| Nature of Transaction | Name of the Related Party | 31-Mar-23 | 31-Mar-22 |
|---|---|---|---|
| Revenue from operations | Tech Mahindra Limited | **299** | 149 |
| | Tech Mahindra Technologies, Inc | **10** | - |
| Subcontracting Expenses | Tech Mahindra Limited | **29** | - |
| Expense reimbursed | Tech Mahindra Limited | **91** | 39 |
| | Tech Mahindra ICT Services (Malaysia) SDN BHD | **1** | 0 |
| Rent Expenses | Tech Mahindra Limited | **1** | - |
| Remuneration | Sudhakar Palisetti | **7** | 7 |
| | Jayakumar Gorla | **5** | 5 |

**Note -**

i) Remuneration excludes employment linked contingent consideration, employee stock options and provision for employee benefits as separate valuation for the key management personnel is not available.

ii) An amount of ₹ 149 million (31 March 2022 550 million) is due on account of employment linked contingent consideration pursuant to share purchase agreement entered between Tech Mahindra Limited, the Company and its erstwhile shareholders dated 09 April, 2020

**D. Closing balances:**

| | Name of the Related Party | 31-Mar-23 | 31-Mar-22 |
|---|---|---|---|
| Unbilled Revenue | Tech Mahindra Limited | **17** | 40 |
| | Tech Mahindra Technologies, Inc | **10** | - |
| Contract Assets | Tech Mahindra Limited | **109** | - |
| Provision for expenses | Tech Mahindra Limited | **6** | - |
| Trade Receivables | Tech Mahindra Limited | **104** | 38 |
| Trade Payables | Tech Mahindra Limited | **9** | - |

Note - No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”) with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**30 Share based payments**

**Amended Employee Stock Option Plan 2020**

The Group had instituted ‘Employee Stock Option Plan 2019’ (ESOP 2019) for eligible employees of the Group. ESOP 2019 was subsequently amended in its entirety through Amended Employee Stock Option Plan 2020 (“Amended ESOP Plan 2020”) dated 11 March, 2020.The vesting period for all the options issued shall be one year from the date of grant of options. Each option carries with it the right to purchase one equity share of the Group at the exercise price determined by the Group at the time of grant.

**Details of activity of the ESOP scheme**

| **Particulars** | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Options outstanding at the beginning of the year | **84,530** | 175,760 |
| Granted during the year | **-** | - |
| Forfeited / surrendered during the year | **-** | - |
| Exercised during the year | **84,530** | 87,879 |
| Lapsed during the year | **-** | 3,351 |
| Options outstanding at the end of year | **-** | 84,530 |
| Options exercisable at the end of the year | **-** | 84,530 |

**The weighted average remaining contractual life are as follows:**

| Range of Exercise Price | **31-Mar-23** | | 31-Mar-22 | |
|---|---|---|---|---|
| | **Weighted average contractual life (years)** | **No. of Options Outstanding** | Weighted average contractual life (years) | No. of Options Outstanding |
| ₹ 10 | **-** | **-** | - | 84,530 |

**31 Financial instruments - Fair values and risk management**

**Accounting classifications and fair values**

The following tables shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

**The carrying value and fair value of financial instruments by categories as of 31 March 2023 is as follows:**

| | **Fair value through P&L** | **Fair value through OCI** | **Amortized cost** | **Total carrying value** | **Total Fair Value*** |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Cash and cash equivalents | - | - | 367 | 367 | 367 |
| Bank balances other than Cash and cash equivalents | - | - | 504 | 504 | 504 |
| Trade receivables | - | - | 495 | 495 | 495 |
| Other financial assets | - | - | 832 | 832 | 832 |
| | **-** | **-** | **2,198** | **2,197** | **2,197** |
| **Liabilities:** | | | | | |
| Trade and other payables | - | - | 46 | 46 | 46 |
| Lease liabilities | - | - | 429 | 429 | 429 |
| Other financial liabilities | - | - | 125 | 125 | 125 |
| | **-** | **-** | **600** | **599** | **599** |

The carrying value and fair value of financial instruments by categories as of 31 March 2022 is as follows:

| | Fair value through P&L | Fair value through OCI | Amortized cost | Total carrying value | Total Fair Value* |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Cash and cash equivalents | - | - | 942 | 942 | 942 |
| Trade receivables | - | - | 267 | 267 | 267 |
| Other financial assets | - | - | 43 | 43 | 43 |
| | **-** | **-** | **1,252** | **1,252** | **1,252** |
| Liabilities: | | | | | |
| Trade and other payables | - | - | 124 | 124 | 124 |
| Lease liabilities | - | - | 410 | 410 | 410 |
| Other financial liabilities | - | - | 90 | 90 | 90 |
| | **-** | **-** | **624** | **624** | **624** |

*The fair value of cash and cash equivalents, other balances with bank, trade receivables, trade payables, and certain other financial assets and liabilities approximate their carrying amount largely due to the short term nature of these instruments.

**Fair value Hierarchy:**

Fair Value hierarchy of Carrying amount of fair value of financial assets and financials liabilities is not given because the carrying amount of fair value of financials assets and financial liabilities are at approximation of fair value

The different levels have been defined as follows:

Level-1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities at net market value.

Level-2 – Inputs other than quoted prices included within level-1 that are observable for 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). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

## A. Credit Risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risk. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentration of credit risk principally consist of trade receivables, investments, loans, cash and cash equivalents, other balances with banks and other financial assets. None of the financial instruments of the Group result in significant credit risk concentrations.

Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks and financialinstitutions with high credit ratings assigned by international and domestic credit rating agencies. The derivatives are entered into with banks and financial institutions with are high credit ratings.

### a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was INR 2198 million and INR 1252 million as of 31 March 2023 and 31 March 2022 respectively, being the total of the carrying amount of trade receivables, cash and cash equivalents and other financial assets.

**b) Trade receivable**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Details of concentration of revenue are included in Note 38. The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period. More than 95% of the Group's customers have been transacting with the Group for over three years, and none of these customers' balances are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics such as geographic location, industry, history with the Group and existence of previous financial difficulties.

At 31 March 2023, the carrying amount of the Company's most significant customer is INR 179 million (31 March 2022: INR 95 million).

The expected credit loss allowance is based on ageingof receivables and rates in the provision matrix. Movement in the expected credit loss is as follows:

| **Particulars** | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Balance at the beginning of the year | **0** | 0 |
| Movement in the expected credit loss allowance on trade receivables and other financial assets: | **-** | - |
| Provided / (Reversed / Utilized) during the year (Net) | **-** | - |
| **Balance at the end of the year** | **0** | 0 |

**Ageing for Trade Receivables**

**i) For the year ended 31 March 2023**

| | **Particulars** | **Outstanding for following periods from due date of payment** | | | | | | **Total** |
|---|---|---|---|---|---|---|---|---|
| | | **Not due** | **< 6 months** | **6 months – 1 year** | **1-2 year** | **2-3 year** | **> 3 year** | |
| i | Undisputed Trade Receivables considered good | 322 | 51 | 7 | 4 | 0 | - | 384 |
| ii. | Undisputed Trade Receivables considered doubtful | - | - | - | - | - | 0 | 0 |
| iii. | Undisputed Unbilled revenue | 111 | - | - | - | - | - | 111 |
| iv. | Disputed Trade Receivables considered good | - | - | - | - | - | - | - |
| v. | Disputed Trade Receivables considered doubtful | - | - | - | - | - | - | - |
| vi. | Disputed Unbilled revenue considered doubtful | - | - | - | - | - | - | - |
| **Total** | | **433** | **51** | **7** | **4** | **0** | **0** | **495** |

**ii) For the year ended 31 March 2022**

| | Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|---|---|---|---|---|---|---|---|---|
| | | **Not due** | **< 6 months** | **6 months – 1 year** | **1-2 year** | **2-3 year** | **> 3 year** | |
| i | Undisputed Trade Receivables considered good | 195 | 9 | 0 | | | - | 204 |
| ii. | Undisputed Trade Receivables considered doubtful | - | - | - | - | - | 0 | 0 |
| iii. | Undisputed Unbilled revenue | 63 | | - | - | - | - | 63 |
| iv. | Disputed Trade Receivables considered good | - | - | - | - | - | - | - |
| v. | Disputed Trade Receivables considered doubtful | - | - | - | - | - | - | - |
| vi. | Disputed Unbilled revenue considered doubtful | - | - | - | - | - | - | - |
| **Total** | | **258** | **9** | **0** | **-** | **-** | **0** | **268** |

**B. Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Group's exposure to market risk is primarily on account of foreign currency exchange currency risk.

**a) Foreign Currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar and Malaysian Ringgit against the respective functional currency of the Group.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the year are as follows:

| | **Currency** | **31-Mar-23** | 31-Mar-22 |
|---|---|---|---|
| Trade Receivables | USD | **346** | 164 |
| | MYR | **16** | - |
| Unbilled Revenue | USD | **101** | 50 |
| | MYR | **3** | 4 |
| Contract asset | USD | **377** | 427 |
| | MYR | **8** | 19 |
| Cash and cash equivalents | USD | **73** | 1 |
| | MYR | **124** | 1 |

| | **Currency** | **31-Mar-23** | 31-Mar-22 |
|---|---|---|---|
| Payables (Trade and others) | USD | **1** | - |
| Payables (Trade and others) | MYR | **0** | - |

A reasonably possible strengthening by 1% of USD and MYR against the Indian Rupee as at 31 March 2023 and 31 March 2022 will affect the statement of profit and loss by the amounts shown below:

| Currency | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| USD | **5** | 2 |
| MYR | **(0)** | (0) |

**D. Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The groups's investmnts are fixed interest bearing instruments. Therefore, the group is not significantly exposed to interest rate risk

**C. Liquidity Risk**

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Company has undrawn working capital facility with HDFC bank with rate of interest linked to EBR (External benchmark based lending rate). The primary security for this facility is book debt & export debt and collateral security as form of awareness letter from the Holding company.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2023:

**As at 31 March 2023**

| | **Less than 1 year** | **1-5 years** | **More than 5 years** | **Total** |
|---|---|---|---|---|
| Non Derivative Financial Liabilities | | | | |
| Lease liabilities | 102 | 327 | - | 429 |
| Trade Payables | 46 | - | - | 46 |
| Other financial liabilities | 125 | - | - | 125 |
| **Total** | **273** | **327** | **-** | **600** |

**As at 31 March 2022**

| | **Less than 1 year** | **1-5 years** | **More than 5 years** | **Total** |
|---|---|---|---|---|
| Non Derivative Financial Liabilities | | | | |
| Lease liabilities | 75 | 331 | 5 | 411 |
| Trade Payables | 124 | - | - | 124 |
| Other financial liabilities | 40 | 50 | - | 90 |
| **Total** | **239** | **381** | **5** | **625** |

**32 Ageing for Trade Payable**

**i) For the year ended 31 March 2023**

| Particulars | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|
| | < 1 year | 1-2 year | 2-3 year | > 3 year | |
| i. MSME * | 17 | - | - | - | 17 |
| ii. Others | 6 | - | - | - | 6 |
| iii. Unbilled dues | 23 | - | - | - | 23 |
| iv. Disputed dues – MSME | - | - | - | - | - |
| v. Disputed dues - Others | - | - | - | - | - |
| **Total** | **46** | **-** | **-** | **-** | **46** |

*MSME as per Micro, Small and, Medium and Enterprises Development Act, 2006 and Refer Note 29 for Related Party Transactions

**ii) For the year ended 31 March 2022**

| Particulars | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|
| | < 1 year | 1-2 year | 2-3 year | > 3 year | |
| i. MSME * | 46 | - | - | - | 46 |
| ii. Others | 27 | - | - | - | 27 |
| iii. Unbilled dues | 51 | - | - | - | 51 |
| iv. Disputed dues – MSME | - | - | - | - | - |
| v. Disputed dues - Others | - | - | - | - | - |
| **Total** | **124** | **-** | **-** | **-** | **124** |

*MSME as per Micro, Small and, Medium and Enterprises Development Act, 2006.

**33 Disclosures required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) are given as follows**

Based on the information available with the Company, there are below outstanding amounts payable to creditors who have been identified as “suppliers” within the meaning of “Micro, Small and Medium Enterprises Development (MSMED) Act, 2006”.

| Sr. No. | Particulars | **31-Mar-23** | | 31-Mar-22 | |
|---|---|---|---|---|---|
| | | **Principal** | **Interest** | Principal | Interest |
| I | The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year<br>- Principal amount due to micro and small enterprises<br>a) Trade Payables | **17** | **-** | 46 | - |
| | - Interest on the principal amount due | **-** | **-** | - | - |
| II | The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | | | | |
| | - Payments made to suppliers beyond the appointed date | **-** | **-** | - | - |
| | -Interest on the principal amount | **-** | **-** | - | - |

| Sr. No. | Particulars | 31-Mar-23 | | 31-Mar-22 | |
|---|---|---|---|---|---|
| | | **Principal** | **Interest** | Principal | Interest |
| III | The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | | **-** | | 0 |
| IV | The amount of interest accrued and remaining unpaid at the end of each accounting year | | **-** | | 0 |
| V | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | **-** | **-** | - | - |

**34 Post employment benefit plans**

**i) Defined Contribution Plans**

The Company makes contributions to Provident Fund, Superannuation Fund and National Pension sheme Fund which are defined contribution plans for qualifying employees. Under these Schemes, the Holding Company contributes a specified percentage of the payroll costs to the respective funds

**The Company has recognized the following expense in the Statement of Profit and Loss :**

INR 47 million (31 March 2022: INR 38 million) for Provident Fund contributions.

**ii) Defined Benefit Plan**

In accordance with the Payment of Gratuity Act, 1972, applicable for Indian companies, the Holding Company operates a scheme of gratuity which is a defined benefit plan. The following table sets out the Changes in Defined Benefit Obligation ('DBO') in the Balance Sheet are as under:

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Present Value of Obligation | **57** | 48 |
| Fair Value of Plan Assets | **-** | - |
| Surplus / (Deficit) | **(57)** | (48) |
| Net Asset / (Liability) | **(57)** | (48) |

**Expenses Recognized during the period**

| Particulars | **For the year ending** | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| In Income Statement | **24** | 19 |
| In Other Comprehensive Income | **(5)** | 4 |
| Total Expenses Recognized during the period | **19** | 23 |

**Changes in the Present Value of Obligation**

| Particulars | For the year ending | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Present Value of Obligation as at the beginning | **48** | 36 |
| Current Service Cost | **21** | 17 |
| Interest Expense or Cost | **3** | 2 |
| Re-measurement (or Actuarial) (gain) / loss arising from: | | |
| - change in demographic assumptions | **-3** | -1 |
| - change in financial assumptions | **-2** | 4 |
| Past Service Cost | **-** | - |
| Effect of change in foreign exchange rates | **-** | - |
| Benefits Paid | **(10)** | (10) |
| **Present Value of Obligation as at the end** | **57** | 48 |

**Bifurcation of Present Value of Obligation at the year as per Companies Act, 2013**

| Particulars | For the year ending | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Current | **6** | 4 |
| Non-Current | **51** | 44 |
| **Present Value of Obligation** | **57** | 48 |

**Expenses Recognised in the Income Statement**

| Particulars | For the year ending | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Current Service Cost | **21** | 17 |
| Past Service Cost | **-** | - |
| Loss / (Gain) on settlement | **-** | - |
| Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset) | **3** | 2 |
| **Expenses Recognised in the Income Statement** | **24** | 19 |

**Other Comprehensive Income**

| Particulars | For the year ending | |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| Actuarial (gains) / losses | | |
| - change in demographic assumptions | **-** | - |
| - change in financial assumptions | **(3)** | (1) |
| - experience variance (i.e. Actual experience vs assumptions) | **(2)** | 5 |
| **- Components of defined benefit costs recognised in other comprehensive income** | **(5)** | 4 |

**Financial Assumptions**

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Discount rate (per annum) | **7.30%** | 6.45% |
| Salary growth rate (per annum) | **4.00%** | 4.00% |

The discount rate indicated above reflects the estimated timing and currency of benefit payments.It is based on the yields / rates available on applicable bonds as on the current valuation date.

The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, senority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

**Demographic Assumptions**

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Mortality rate | **100% of IALM 2012-14** | 100% of IALM 2012-14 |
| Normal retirement age | **60 Years** | 60 Years |
| Attrition / Withdrawal rate (per annum) | **15.60%** | 15.60% |

Attrition rate indicated above represents the Company's best estimate of employee turnover in future(other than on account of retirement,death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

**Sensitivity Analysis**

Significant actuarial assumptions for the detemination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

| | **31-Mar-23** | | 31-Mar-22 | |
|---|---|---|---|---|
| | **Decrease** | **Increase** | Decrease | Increase |
| Discount Rate (- / + 1%) | **60** | **54** | 51 | 45 |
| (% change compared to base due to sensitivity) | **6.30%** | **-5.60%** | 6.60% | -5.90% |
| Salary Growth Rate (- / + 1%) | **54** | **61** | 45 | 51 |
| (% change compared to base due to sensitivity) | **-5.90%** | **6.40%** | -6.10% | 6.70% |
| Attrition Rate (- / + 50% of attrition rates) | **56** | **55** | 49 | 45 |
| (% change compared to base due to sensitivity) | **-2.10%** | **-4.10%** | 1.10% | -5.80% |
| Mortality Rate (- / + 10% of mortality rates) | **57** | **57** | 48 | 48 |
| (% change compared to base due to sensitivity) | **0.0%** | **0.0%** | 0.0% | 0.0% |

Please note that the sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There is no change in the method of valuation for the prior period.

**Effect of Plan on Entity's Future Cash Flows**

**a) Funding arrangements and Funding Policy**

The scheme is managed on unfunded basis.

| **b) Maturity Profile of Defined Benefit Obligation** | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Weighted average duration (based on discounted cashflows) | **6 years** | 6 years |
| **Expected cash flows over the next (valued on undiscounted basis):** | | |
| 1 year | **6** | 4 |
| 2 to 5 years | **32** | 26 |
| 6 to 10 years | **30** | 24 |
| More than 10 years | **28** | 23 |

**35 Leases**

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has used a single discount rate to a portfolio of leases with similar characteristics. The Company has used incremental borrowing rate of 12.30% p.a. as a discount rate to a portfolio of leases with similar characteristics.

Lease agreements pertain to office premises taken on lease and license. The Company has applied Ind AS 116 using the modified retrospective approach. The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. On application of Ind AS 116, the nature of expenses have changed from lease rent in previous periods to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability.

**A. Right-of-use liabilities**

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Non Current | **327** | 336 |
| Current | **102** | 75 |

**B. Cash Flows**

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Payment for Principal portion | **82** | 53 |
| Payment for Interest Portion | **51** | 21 |
| Total cash outflow for leases | **133** | 74 |

**C. Maturity analysis – contractual undiscounted cash flows of leases under the purview of Ind AS 116**

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Less than one year | **146** | 117 |
| One to five years | **380** | 403 |
| More than five years | **-** | 5 |
| Total undiscounted cash flows | **526** | 525 |

Disclosure on cash and non-cash changes for liabilities arising from financing activities:

Mentioned below are the components of liabilities related to financing activities in cash flow for the year ended 31 March, 2023

| **Particulars** | **Opening balance** | **Cash flow** | **Net Additions to lease liability** | **Closing Balance** |
|---|---|---|---|---|
| Lease liability | **405** | **(131)** | **151** | **425** |

Mentioned below are the components of liabilities related to financing activities in cash flow for the year ended 31 March, 2022

| **Particulars** | **Opening balance** | **Cash flow** | **Net Additions to lease liability** | **Closing Balance** |
|---|---|---|---|---|
| Lease liability | **410** | **(133)** | **152** | **429** |

**36 Current Tax and Deferred Tax**

The income tax expense for the year ended can be reconciled to the accounting profit as follows:

| **Particulars** | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Profit/(Loss) before tax | **917** | 403 |
| Enacted tax rate | **25.17%** | 25.17% |
| Income tax expense calculated at enacted tax rate | **231** | 101 |
| Effect of expenses disallowed for tax purpose | **41** | 141 |
| Effect of income taxes related to prior years | **-** | 19 |
| Effect of tax on income at different rates | **20** | 3 |
| Effect of utilization of brought forward losses/unabsorbed depreciation | **-** | (25) |
| Others | **(11)** | (11) |
| Income tax expense recognised in statement of profit and loss | **281** | 228 |

The tax rate used for the above reconciliation is the rate as applicable for the respective period payable by corporate entities in India on taxable profits under the Indian income tax laws.

**Deferred Tax:**

The following is the analysis of Deferred Tax Assets presented in the Balance Sheet:

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Deferred Tax Assets | **55** | 38 |
| Deferred Tax Liabilities | **-** | - |
| Deferred Tax Assets (Net) | **55** | 38 |

The tax effect of significant temporary differences that has resulted in deferred tax assets are given below:

| | As at 31 March 2022 | Recognised in Profit and loss | Recognised in OCI | **As at 31 March 2023** |
|---|---|---|---|---|
| Employee Benefits | 14 | 4 | -1 | **17** |
| Property, Plant and Equipment | 5 | 1 | - | **6** |
| Provisions | 16 | 5 | - | **21** |
| Other Items | 3 | 8 | - | **11** |
| **Net Deferred Tax Assets** | 38 | 18 | -1 | **55** |

| | As at 31 March 2021 | Recognised in Profit and loss | Recognised in OCI | As at 31 March 2022 |
|---|---|---|---|---|
| Employee Benefits | 10 | 3 | 1 | 14 |
| Property, Plant and Equipment | 4 | 1 | - | 5 |
| Provisions | 18 | (2) | - | 16 |
| Other Items | 1 | 3 | - | 3 |
| **Net Deferred Tax Assets** | 32 | 5 | 1 | 38 |

**37 Earnings Per Share**

**Basic Earning per share**

The calculation of basic earnings per share for the year ended 31 March 2023 was based on profit/(loss) attributable to equity shareholders of INR 636 Million (31 March, 2022 : INR 175 million), and the weighted average number of equity shares outstanding of 3.15 million (31 March, 2022 : 3.07 million).

**Diluted Earning per share**

The calculation of basic earnings per share for the year ended 31 March 2023 was based on profit/(loss) attributable to equity shareholders of INR 636 Million (31 March, 2022 : INR 175 million), and the weighted average number of equity shares after adjustment for the effects of all dilutive potential equity 3.16 million (31 March, 2022 : 3.15 million).

| **Particulars** | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Profit after taxation | **636** | 175 |
| No of Equity Shares outstanding as at year end | **3,165,392** | 3,080,862 |
| Weighted average Equity Shares outstanding as at year end | **3,152,191** | 3,070,739 |
| Add: Dilutive impact of employee stock options | **12,770** | 83,233 |
| No of Equity Shares for calculating Diluted Earnings Per Share | **3,164,961** | 3,153,972 |
| Nominal Value per Equity Share (in ₹) | **10** | 10 |
| Earnings Per Share (Basic) (in ₹) | **201.86** | 56.83 |
| Earnings Per Share (Diluted) (in ₹) * | **201.05** | 55.33 |

**38 Disclosures as per Ind AS 115 - Revenue from Contract with Customers**

**a. Disaggregation of revenue from contracts with customers**

Set out below is the disaggregation of the Company's revenue from contracts with customers

**Revenue for year ended 31 March 2023**

| Particulars | Services | Revenue from Subsidiary | Total |
|---|---|---|---|
| Revenue from Time and Material contracts | 938 | 938 | 820 |
| Revenue from Fixed Price contracts | 3,164 | 3,164 | 3,118 |
| **Total revenue from contracts with customers** | **4,102** | **4,102** | **3,938** |
| **Geographical Markets** | | | |
| a. United States of America | 134 | 134 | 95 |
| b. India | 3,791 | 3,791 | 3,736 |
| b. Rest of World | 177 | 177 | 106 |
| **Total revenue from contracts with customers** | **4,102** | **4,102** | **3,937** |

**Revenue for year ended 31 March 202**

| Particulars | Services | Revenue from Subsidiary | Total |
|---|---|---|---|
| Revenue from Time and Material contracts | 694 | 694 | 529 |
| Revenue from Fixed Price contracts | 2,836 | 2,836 | 2,667 |
| **Total revenue from contracts with customers** | **3,530** | **3,530** | **3,196** |
| **Geographical Markets** | | | |
| a. United States of America | 239 | 239 | 56 |
| b. India | 3,085 | 3,085 | 3,009 |
| b. Rest of World | 206 | 206 | 131 |
| **Total revenue from contracts with customers** | **3,530** | **3,530** | **3,196** |

**b. Trade receivables and Contract balances:**

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Trade Receivables | **384** | 204 |
| Contract assets | **389** | 447 |
| Unbilled revenue | **111** | 63 |

The Group classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related services are performed. Revenue for fixed price services contracts is recognized on percentage of completion basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price contracts is based on percentage of completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price contracts is classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivables are non-interest bearing and generally have a credit period of 60 days.

| Changes in contract assets | 31-Mar-23 | 31-Mar-22 |
|---|---|---|
| Balance at the beginning of the year | **447** | 116 |
| Revenue recognized during the year | **3,159** | 2,511 |
| Invoices raised during the year | **3,217** | 2,180 |
| **Balance at the end of the year** | **389** | 447 |

The unearned revenue primarily relate to the advance consideration received on contracts entered with customers for which no work is performed at the reporting date, and therefore revenue will be recognized when rights become unconditional.

| Changes in unearned revenue | 31-Mar-23 | 31-Mar-22 |
|---|---|---|
| Balance at the beginning of the year | **-** | 4 |
| Revenue recognized net of unearned revenue for the year | **-** | (4) |
| Balance at the end of the year | **-** | - |

c. **Performance Obligation**

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially) satisfied performance obligations, along with the broad time band for the expected time to recognise those revenues, the Group has applied the practical expedient in Ind AS 115. Accordingly, the Group has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts, or the performance obligation is part of a contract that has an original expected duration of one year or less. Unsatisfied (or partially satisfied) performance obligations are subject to variability due to several factors such as terminations, changes in scope of contracts, periodic revalidations of the estimates, economic factors (changes in currency rates, tax laws etc).

**39 Segment Reporting**

Ind AS 108 Segment Reporting establishes standards for the way that companies report information about their operating segments and related disclosures, as applicable about products and services, geographic areas, and major customers

Based on the “management approach” as defined in Ind AS 108, the management evaluates the Group’s performance and allocates resources based on an analysis of performance indicators by geographic segments. Accordingly, information has been presented along geographic segments.

a) **Business Segments:**

The Company is engaged mainly in the business of very large scale integration (VLSI) & Embedded software services. As defined in Ind AS 108, the ‘Chief Operating Decision Maker (CODM) considers entire business as single operating segment. The Company’s operating divisions are managed from India. There is only one customer who accounts for more than 10% of the Company’s revenue.

b) **Geographical segments:**

The geographical information analyses the Company’s revenues by the Company’s country of domicile (i.e. India) and outside India presenting geographical information, segment revenue has been on the geographic location of customers.

| **Particulars** | **31 March 2023** | | | |
|---|---|---|---|---|
| | **India** | **Outside India** | | **Total** |
| | | **USA** | **Others** | |
| Revenue from customers | 3,791 | 134 | 177 | 4,102 |

| **Particulars** | **31 March 2023** | | | |
|---|---|---|---|---|
| | **India** | **Outside India** | | **Total** |
| | | **USA** | **Others** | |
| Revenue from customers | 3,791 | 134 | 177 | 4,102 |

**40 Expenditure on Corporate Social Responsibility**

Gross amount required to be spent by the Company during the year is ₹ 0.48 Million (previous year ₹ Nil) (calculated at 2% of the average net profits of the Company during the three immediately preceding financial years)

| Sr No. | Particulars | For the period ended | |
|---|---|---|---|
| | | **31-Mar-23** | 31-Mar-22 |
| 1 | Amount required to be spent by the Company during the year | **0** | - |
| 2 | Amount of expenditure incurred on: | | |
| | (i) Construction/acquisition of any asset | **-** | - |
| | (ii) On purposes other than (i) above | **1** | - |
| 3 | Shortfall at the end of the year | **-** | - |
| 4 | Total of previous years shortfall | **-** | - |
| 5 | Reason for shortfall | **-** | - |
| 6 | Nature of CSR activities | Welfare Project expenses. Program Support Cost , Academics Cost Technical Education & Construction of building for Educational Institute. | |
| 7 | Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard | | |
| | (i) Tech Mahindra Foundation | **-** | - |
| | (ii) Mahindra Educational institutions | **1** | - |

**41 Additional regulatory information**

**I Disclosure related to entities considered in consolidated financial statements:**

**For the year ended 31 March 2023**

| Name of the entity in the Group | Net Asset | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated Profit & Loss | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated total comprehensive income | Amount |
| Parent Company | | | | | | | | |
| 1. Tech Mahindra Cerium Private Limited | 90.60% | 1,900 | 103.54% | 659 | 15.22% | 4 | 100.25% | 662 |
| Foreign Subsidiary | | | 0.00% | | 0.00% | | 0.00% | |
| 1. Tech Mahindra Cerium Systems Inc | 5.07% | 106 | -7.23% | -46 | 0.00% | 0 | -6.95% | -46 |
| 2. Tech Mahindra Cerium Systems SDN. BHD. | 6.24% | 131 | 3.69% | 24 | 0.00% | 0 | 3.56% | 24 |
| **Total** | **101.91%** | **2,137** | **100.00%** | **636** | **15.22%** | **4** | **96.86%** | **640** |
| Intercompany elimination | -1.91% | -40 | 0.00% | 0 | 84.79% | 21 | 3.14% | 21 |
| **Total** | **100.00%** | **2,097** | **100.00%** | **636** | **100.00%** | **25** | **100.00%** | **661** |

**For the year ended 31 March 2022**

| Name of the entity in the Group | Net Asset | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated Profit & Loss | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated total comprehensive income | Amount |
| Parent Company | | | | | | | | |
| 1. Tech Mahindra Cerium Private Limited | 84.50% | 1,087 | 67.66% | 118 | -37.30% | -3 | 63.62% | 116 |
| Foreign Subsidiary | | | | | | | | |
| 1. Tech Mahindra Cerium Systems Inc | 11.06% | 142 | 11.43% | 20 | 0.00% | 0 | 11.00% | 20 |
| 2. Tech Mahindra Cerium Systems SDN. BHD. | 8.02% | 103 | 22.62% | 40 | 0.00% | 0 | 21.78% | 40 |
| **Total** | **103.58%** | **1,332** | **101.71%** | **178** | **-37.30%** | **-3** | **96.40%** | **175** |
| Intercompany elimination | -3.58% | -46 | -1.71% | -3 | 137.30% | 10 | 3.60% | 7 |
| **Total** | **100.00%** | **1,286** | **100.00%** | **175** | **100.00%** | **7** | **100.00%** | **182** |

**II** The Group has not been declared a wilful defaulter by any bank or financial institutions or government or government authority.

**III** The Group does not have transactions with companies struck off under section 248 of the Companies Act 2013 or section 560 of Companies Act 1956.

**IV** The Group has not advanced or loaned or invested funds to any other person(s) or entities, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

**V** The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in anymanner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

**VI** The Group does not have any transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

**VII** The Group has complied with the number of layers for its holding in downstream companies prescribed under clause (87) of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017.

**VIII** The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

**IX** The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

**X** The Group has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

**XI** The Group has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961

**XII** The Group has availed limits from banks and financial institutions on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Group with banks and financial institutions are in agreement with the books of accounts.

**XIII** The Group have not been declared as wilful defaulter by any bank or financial institution or government or any government authority.

**XIV** The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm registration Number :101248W / W-100022

**Ashish Gupta**
Partner
Membership No.215165
Place: London, UK
Date: 23 May 2023

For and on behalf of the Board of Directors of

**Tech Mahindra Cerium Private Limited**
CIN:U72200KA2013PTC070882

**Sudhakar Palisetti**
Director
DIN: 02861107
Place: Bangalore
Date: 23 May 2023

**Vivek Satish Agarwal**
Director
DIN: 05218475
Place: Bangalore
Date: 23 May 2023

# DIGITALOPS TECHNOLOGY PRIVATE LIMITED

**Board of Directors**
Mr. Aniruddha Vinayak Gadre (DIN:07659176)
Mr. Surinder Singh Chawla (DIN:07773376)
Ms. Heena Nikhil Shah (DIN: 10099961)
(Additional Director w.e.f. 17th April,2023)

**Auditors**
M/s Agrawal Dhand Motwani & Co., Chartered Accountants
(Firm Registration Number: 002824C)

**Registered Office**
Oberoi Garden Estate, Near Chandivali Studio,
Wing-I, Andheri (E) Mumbai City MH 400072 , India

**Bankers**
ICICI Bank

# BOARDS' REPORT

To,
The Members,
Digitalops Technology Private Limited

Your Directors have the pleasure in submitting their 6th Annual Report on the business and operations of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2023.

### 1. FINANCIAL SUMMARY/ HIGHLIGHTS

Financial Performance of the Company for the financial year ended March 31, 2023 is summarized below:

(Amount in Rs. '000)

| Particulars | 31st March 2023 (INR) | 31st March 2022 (INR) |
|---|---|---|
| **Income** | | |
| Revenue from operations | | 5,139.31 |
| Other income | 39.03 | 54.29 |
| **Total Revenue (I)** | **39.03** | **5,193.60** |
| **Expenses** | | |
| **Total Expenses (II)** | **165.47** | **4,907.39** |
| **Profit/(Loss) before tax for the year** | **(181.37)** | **197.51** |
| Current tax | 00.00 | 85.69 |
| Deferred tax expense/ (benefit) | (3.24) | 0.66 |
| **Profit/(Loss) after tax for the year** | **(178.13)** | **111.16** |

### 2. STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK

During the period under review, the Company did not carryout any commercial operations as such the Revenue for the year was Nil as compared to the last year Revenue of Rs 0.00 reflecting a 100% reduction.

### 3. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

### 4. SHARE CAPITAL, DEBENTURES, BONDS OR ANY NON-CONVERTIBLE SECURITIES

#### i. Authorized Share Capital

The authorized share capital of your Company as on March 31, 2023 stood at INR 1,00,000/- (Rupees One Lakh only) comprising of 10,000 (Ten Thousand) Equity Shares of INR 10/- (Rupees Ten only) each.

#### ii. Paid-up Equity Share Capital

The paid up share capital of your Company as on March 31, 2023 stood at INR 1,00,000/- (Rupees One Lakh only) comprising of 10,000 (Ten Thousand) Equity Shares of INR 10/- (Rupees Ten only) each.

The company has neither allotted any sweat equity shares and bonus shares nor any shares with differential voting rights or shares under Employee Stock Option Plan nor has bought back any equity shares or securities during the year under review.

#### iii. Debentures, bonds or any non-convertible securities

During the year under review, your Company has not issued any Debentures, Bonds or any non-convertible securities.

**5. DIVIDEND**

The Directors have not recommended any dividend for the financial year ended on 31st March, 2022.

**6. SUBSIDIARY AND ASSOCIATE COMPANIES**

The Company does not have any Subsidiary Company or Joint Venture. The transactions with the associate companies are enlisted in the Financial Statements.

**7. TRANSFER TO RESERVES IN TERMS OF SECTION 134 (3) (J) OF THE COMPANIES ACT, 2013**

No amount was transferred to the reserves during the Financial Year ended on 31st March, 2023 in terms of section 134 (3) (j) of the Companies Act, 2013.

**8. CHANGE IN NATURE OF BUSINESS**

Post acquisition by TML, the employees were transferred to TML and as of now there are no employees.

**9. ANNUAL RETURN**

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the extract of Annual Return of the Company for the Financial Year 2021-22 is available on the Company's website at (www.digitalonus.com)

**10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

There were no loans, guarantees or investments made by the Company under section 186 of the Companies Act 2013.

**11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

The company had certain Related Party Transactions pursuant to section 188 of the Companies Act, 2013 during the financial year. Although, all the transactions were on Arms' Length, the details of the same are provided in Form AOC-2 as Annexure.

**12. STATUTORY AUDITORS**

M/s Agrawal Dhand Motwani & Co., Chartered Accountants (Firm Registration Number: 002824C) have been appointed as Statutory Auditors of the Company to hold the office till the conclusion of 8th Annual general meeting to be held in 2025.

**13. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS**

There are no qualifications, reservations or adverse remarks made by the Auditors in their report.

**14. DETAILS OF DIRECTORS & KMP(s)**

During the year under review ,there was no appointment or resignation held.The provisions relating to the appointment of KMPs is not applicable to this company. None of the directors were disqualified during the year under review.

Whereas, Mr. Gautam Shirali (DIN 07452020) had resigned from the Directorship w.e.f. 05th April,2023 and Ms.Heena Shah was appointed as an Additional Director w.e.f. 17th April,2023 who will be appointed as a Director in the ensuing Annual General Meeting.

**15. DIRECTORS RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility Statement:

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;

c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) the directors had prepared the annual accounts on a going concern basis;

e) the Company being unlisted, sub clause (e) of section 134(5) of the Companies Act, 2013 pertaining to laying down internal financial controls is not applicable to the Company;

f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**16. NUMBER OF BOARD MEETINGS/COMMITTEE MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW**

**BOARD OF DIRECTORS:**

During the period under review, the Board of Directors of the Company duly constituted as per provisions of Companies Act, 2013 is as under:

| Sr. No. | Name | Designation | DIN |
|---|---|---|---|
| 1. | Gautam Shirali | Director | 07452020 |
| 2. | Aniruddha Vinayak Gadre | Director | 07659176 |
| 3. | Surinder Singh Chawla | Director | 07773376 |

The Board meets at regular intervals to discuss and decide on the Company and its business policies and strategies apart from other Board businesses. The Board met 5 times on the following dates during the year financial year under review:

| Sl. No. | Date of Board Meeting | No. of Directors attended |
|---|---|---|
| 1. | 25th April 2022 | 3 |
| 2. | 08th June 2022 | 2 |
| 3. | 24th September 2022 | 2 |
| 4. | 02nd December 2022 | 2 |
| 5. | 10th March 2023 | 2 |

**PRESENCE/ ATTENDANCE OF DIRECTORS IN THE MEETINGS:**

| Sr. No. | Name of Director | Board Meeting | | | Committee Meeting | | |
|---|---|---|---|---|---|---|---|
| | | No of Meeting held | No of Meeting attended | % | No of Meeting held | No of Meeting attended | % |
| 1. | Gautam Shirali | 5 | 5 | 100 | - | - | - |
| 2. | Aniruddha Vinayak Gadre | 5 | 5 | 100 | - | - | - |
| 3. | Surinder Singh Chawla | 5 | 1 | 20 | - | - | - |

**17. STATEMENT INDICATING THE MANNER IN WHICH FORMAL ANNUAL EVALUATION HAS BEEN MADE BY THE BOARD OF ITS OWN PERFORMANCE, ITS DIRECTORS, AND THAT OF ITS COMMITTEES**

The disclosure with respect to formal annual evaluation by the board is not applicable to your Company.

**18. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company does not have any Subsidiary Company or Joint Venture. The transactions with the associate companies are enlisted in the Financial Statements.

Holding Company has changed to Tech Mahindra Limited in consequence of acquisition of 100% equity shares.

**19. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Part A and B pertaining to the conservation of energy and the technology absorption is not applicable to the company.

| C | Foreign Exchange Earnings/ Outgo: | INR |
|---|---|---|
| | Earnings | 00.00 |
| | Outgo | - |

**20. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY**

The provisions related to Risk Management Policy development and implementations are not applicable to your company.

**21. SECRETARIAL STANDARDS**

Your directors state and confirm that the Company has complied with the secretarial standards as notified by the Institute of Company Secretaries of India and to the extent applicable to the Company.

**22. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

The provisions relating to Section 135 of the Companies Act, 2013 are not applicable to the company.

**23. PROVIDING VIGIL MECHANISM**

The provisions relating to Section 177(9) read with Rule 7 of the Companies (Meetings of the Board and its Powers), Rules, 2014 is not applicable to the company.

**24. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation was observed.

**25. DEPOSITS**

The Company has not accepted any deposits during the year under review.

**26. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013**

As there were no employees, formation of Committee and Policy under POSH Act is not applicable.

**27. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS**

During the year under consideration, no order is passed by regulators, courts or tribunals impacting the going concern status and Company's operations in future.

**28. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The current scale of operations of the Company is not such to require any severe measures being taken towards the Internal Financial Control. Although all the necessary measures being taken by the Management to ensure adoption of proper processes, practices and procedure in conducting the affairs of the Company and preparation and presentation of Financial statements. These aspects of operations are regularly reviewed and verified by the Company's Statutory Auditor.

**29. AUDITOR'S REPORT**

Auditor Report on the final Accounts of the Company is attached herewith. Auditor's Report does not contain any reservation, qualification or adverse remark. The observations made by the Auditors of the Company in their report read with the Notes to Accounts, are self-explanatory and do not need any further clarification.

**30. TRANSFER TO UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

The provisions of Section 125(2) of the Companies Act, 2013 do not apply to the Company as the company was not required to transfer any amount to IEPF.

**31. OTHER MATTERS**

The following disclosures are not applicable to this company and hence no reporting is required:

| Sl. No | Particulars | Section & Rules |
|---|---|---|
| 1. | Secretarial Audit Report | Section 204(1) of the Companies Act, 2013. |
| 2. | Declaration Of Independent Directors | Section 134(3)(d) read with Section 149(6) of the Companies Act, 2013. |
| 3. | Receipt Of Any Commission By MD / WTD From A Company Or For Receipt Of Commission / Remuneration From Its Holding Or Subsidiary | Section 197(14) of the Companies Act, 2013. |
| 4. | Managerial Remuneration | Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. |
| 5. | Disclosure Of Composition Of Audit Committee | Section 177(8) read with Rule 6 of the Companies (Meetings of the Board and its Powers), Rules, 2014 |
| 6. | Nomination & Remuneration Committee Policy | Section 178(3) of the Companies Act, 2013. |
| 7. | Statement Indicating the Manner in which Formal Annual Evaluation Has Been Made by the Board Of Its Own Performance, Its Directors, And That Of Its Committees | Section 134(p) read with Rule 8(4) of Companies (Accounts) Rules, 2014. |
| 8. | Management Discussion and Analysis Report | Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. |
| 9. | Corporate Governance | Regulation 27 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. |
| 10. | Maintenance of Cost Records | Section 148(1) of the Companies Act, 2013 |
| 11. | Particulars of employees | The provisions relating to Section 197(12) read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. |

**32. ACKNOWLEDGEMENTS**

Your Directors place on record their sincere thanks to bankers, employees, consultants, and various Government Authorities for their continued support extended to your Company's activities during the year under review. Your Directors also acknowledge gratefully the shareholders for their support and confidence reposed on your Company.

For and on behalf of the Board of

**DIGITALOPS TECHNOLOGY PRIVATE LIMITED**

Surinder Singh Chawla
Director
DIN: 07773376

Heena Nikhil Shah
Director
DIN: 10099961

Date: 09.06.2023

Place: MUMBAI

# ANNEXURE

# FORM NO. AOC -2

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014**

Form for Disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms' length transaction under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at Arm's length basis: -NA**

| Sr. No. | Particulars | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | - |
| b) | Nature of contracts/arrangements/transaction | - |
| c) | Duration of the contracts/arrangements/transaction | - |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e) | Justification for entering into such contracts or arrangements or transactions' | - |
| f) | Date of approval by the Board | - |
| g) | Amount paid as advances, if any | - |
| h) | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | - |

**2. Details of contracts or arrangements or transactions at Arm's length basis-NA**

| Sr. No. | Particulars | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | - |
| b) | Nature of contracts/ arrangements/ transaction | - |
| c) | Duration of contracts/ arrangements/ transaction | - |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | - |
| e) | Date of approval by the Board | - |
| f) | Amount paid as advances, if any | - |

For and on behalf of the Board of

**DIGITALOPS TECHNOLOGY PRIVATE LIMITED**

Surinder Singh Chawla
Director
DIN: 07773376

Heena Nikhil Shah
Director
DIN: 10099961

Date: 09.06.2023

Place: MUMBAI

# BALANCE SHEET AS AT MARCH 31, 2023

(Amount in Rs. '000)

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **I. ASSETS :** | | | |
| (1) Non current assets | | | |
| (a) Property, Plant and Equipment | 2 | **41.54** | 96.47 |
| (b) Right-of-use asset | | - | - |
| (c) Capital Work in progress | | - | - |
| (d) Goodwill | | - | - |
| (e) Other Intangible assets | | - | - |
| (f) Intangible assets under development | | - | - |
| (g) Financial assets | | | |
| Investments | | - | - |
| Loans | | - | - |
| Other financial asset | | - | - |
| (h) Income tax assets (net) | | - | - |
| (i) Deferred tax assets (net) | | - | - |
| (j) Other non-current assets | | - | - |
| **Total Non current assets** | | **41.54** | 96.47 |
| **(2) Current assets** | | | |
| (a) Inventories | | - | - |
| (b) Financial assets | | | |
| Investments | | - | - |
| Trade receivables | 3 | - | 510.82 |
| Cash and cash equivalents | 4 | **551.76** | 283.82 |
| Other bank balances | | - | - |
| Loans | | - | - |
| Other financial asset | | - | - |
| (c) Income tax assets (net) | 5(a) | - | - |
| (d) Other current assets | 6 | **600.38** | 573.63 |
| **Total Current assets** | | **1,152.14** | 1,368.27 |
| **TOTAL- ASSETS** | | **1,193.68** | 1,464.74 |
| **II. EQUITY AND LIABILITIES :** | | | |
| (1) Equity | | | |
| (a) Share capital | 7 | **100.00** | 100.00 |
| (b) Other Equity | 8 | **998.88** | 1,181.01 |
| Total Equity | | **1,098.88** | 1,281.01 |
| (2) Non Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| Long term Borrowings | | - | - |
| Lease Liabilities | | - | - |
| Other financial liabilities | | - | - |
| (b) Long-term provisions | | - | - |
| (c) Deferred tax liabilities (net) | 5(c) | **14.80** | 18.04 |

(Amount in Rs. '000)

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| (d) Other non-current liabilities | | **-** | - |
| Total Non Current Liabilities | | **14.80** | 18.04 |
| (3) Current liabilities | | | |
| (a) Financial Liabilities | | | |
| Trade payables | | | |
| A) Due to Micro and Small Enterprises | | **-** | - |
| B) Due to other than Micro and Small Enterprises | | **-** | - |
| Lease Liabilities | | **-** | - |
| Other financial liabilities | | **-** | - |
| (b) Short-term provisions | 9 | **80.00** | 80.00 |
| (c) Other current liabilities | | **-** | - |
| (d) Income tax liabilities (net) | 5(b) | **-** | 85.69 |
| **Total Current Liabilities** | | **80.00** | 165.69 |
| **Total Liabilities** | | **94.80** | 183.73 |
| **TOTAL- EQUITY AND LIABILITIES** | | **1,193.68** | 1,464.74 |

**For Agrawal Dhand Motwani & Co.**
**Chartered Accountants**

**For Digitalops Technology Private Limited**

**CA J. Motwani**
Partner
M.No. : 140418

**Surinder Singh Chawla**
Director
DIN: 07773376

**Heena Nikhil Shah**
Director
DIN: 10099961

Place: Pune
Date:
UDIN:

Place: Mumbai
Date:

Place: Mumbai
Date:

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(Amount in Rs. '000)

| Particulars | Note No. | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|---|
| **REVENUE:** | | | |
| Revenue from operations | | | |
| Sale of Services | 10 | - | 5,139.31 |
| Other operating income | 11 | **39.03** | - |
| **Total Revenue from Operations** | | **39.03** | 5,139.31 |
| Other income | | - | 54.29 |
| **Total Income (I)** | | **39.03** | 5,193.60 |
| **EXPENSES:** | | | |
| (a) Cost of materials consumed | | - | - |
| (b) Purchases of stock-in-trade | | - | - |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | | - | - |
| (d) Legal & Professional Fees | 12 | **148.60** | 4,570.51 |
| (e) Other expenses | 13 | **16.87** | 336.88 |
| **Total (II)** | | **165.47** | 4,907.39 |
| **Profit before interest, tax, depreciation and amortisation (I - II)** | | **(126.44)** | 286.21 |
| Finance costs | | - | - |
| Depreciation and amortisation expense | | **54.93** | 88.70 |
| **Profit before tax** | | **(181.37)** | 197.51 |
| Tax expenses : | | | |
| (a) Current tax | | - | 85.69 |
| (b) Deferred tax | | **(3.24)** | 0.66 |
| **Total tax expense** | | **(3.24)** | 86.35 |
| **Profit for the year** | | **(178.13)** | 111.16 |
| Other Comprehensive Income | | | |
| Items that will not be reclassified to profit or loss | | - | - |
| Re-measurement gains / (losses) on defined benefit plans | | - | - |
| Income tax relating to items that will not be reclassified to profit or loss | | - | - |
| Re-measurement gains / (losses) on defined benefit plans | | - | - |
| **Total Comprehensive Income for the year** | | **(178.13)** | 111.16 |
| **Earnings per equity share of face value ` 10 each** | | | |
| Basic (₹) | 14 | **(17.81)** | 11.12 |
| Diluted (₹) | 14 | **(17.81)** | 11.12 |

**For Agrawal Dhand Motwani & Co.**
**Chartered Accountants**

**For Digitalops Technology Private Limited**

**CA J. Motwani**
Partner
M.No. : 140418

**Surinder Singh Chawla**
Director
DIN: 07773376

**Heena Nikhil Shah**
Director
DIN: 10099961

Place: Pune
Date:
UDIN:

Place: Mumbai
Date:

Place: Mumbai
Date:

(Amount in Rs. '000)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **A. Cash flow from operating activities** | | |
| Profit before tax | **(181.37)** | 197.51 |
| Adjustments for : | | |
| Depreciation and amortisation expense | **54.93** | 88.70 |
| Finance costs | **-** | - |
| Interest income | **-** | - |
| **Operating profit before working capital changes** | **(126.44)** | 286.21 |
| Changes in working capital: | | |
| Adjustments for (increase) / decrease in operating assets: | | |
| Trade receivables | **510.82** | 398.06 |
| Other asset | **(26.75)** | (367.54) |
| Adjustments for increase / (decrease) in operating liabilities: | | |
| Trade Payables | **-** | (222.76) |
| Provisions | **-** | (538.29) |
| Income tax liabilities (net) | **(85.69)** | 85.69 |
| Other Liabilities | **-** | (66.54) |
| OCI | **-** | - |
| **Cash generated from operations** | **271.94** | (425.17) |
| Net income tax paid | **(4.00)** | (85.69) |
| **Net cash flow from operating activities (A)** | **267.94** | (510.86) |
| **B. Cash flow from investing activities** | | |
| Purchase of property, plant and equipment (including other intangible assets) | **-** | - |
| Proceeds from sale of property plant and equipment | **-** | - |
| Loan to Others repayment received | **-** | - |
| Loan to Others given | **-** | - |
| Dividend income | **-** | - |
| Interest income | **-** | - |
| **Net cash flow from investing activities (B)** | **-** | - |
| **C. Cash flow from financing activities** | | |
| Proceeds of borrowings | | |
| Repayment of borrowings | **-** | - |
| Finance costs | **-** | - |
| Shares issued on exercise of employees stock options | **-** | - |
| **Net cash used in financing activities ( C )** | **-** | - |

(Amount in Rs. '000)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Net increase/(decrease) in cash and cash equivalents (A+B+C)** | **267.94** | (510.86) |
| **Cash and cash equivalents at the beginning of the year** | | |
| **Cash** | **-** | - |
| **Bank** | **283.81** | 794.67 |
| **Cash Equivalents** | **-** | - |
| **Cash and cash equivalents at end of the year** | **551.75** | 283.81 |

Significant accounting policies

Notes:

i) The Statement of Cash Flows has been prepared under the Indirect method as set out in Ind AS 7 on Statement of Cash Flows notified under Section 133 of The Companies Act 2013, read together with Paragraph 7 of the Companies (Indian Accounting Standard) Rules 2015 (as amended).

See accompanying notes forming part of the financial statements

In terms of our report attached

**For Agrawal Dhand Motwani & Co.**
**Chartered Accountants**

**For Digitalops Technology Private Limited**

**CA J. Motwani**
Partner
M.No. : 140418

Place: Pune
Date:
UDIN:

**Surinder Singh Chawla**
Director
DIN: 07773376

Place: Mumbai
Date:

**Heena Nikhil Shah**
Director
DIN: 10099961

Place: Mumbai
Date:

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

## A. Equity Share Capital

(Amount in Rs. '000)

| Particulars | Amount |
|---|---|
| **As at March 31, 2022** | **100.00** |
| Change in Equity Share Capital | - |
| **As at March 31, 2023** | **100.00** |

## B. Other Equity

### 1) Current Reporting Period

| Particulars | Retained Earnings | General Reserve | Security Premium | Share based payment reserve | Capital redemption reserve | Total Other Equity |
|---|---|---|---|---|---|---|
| **As at March 31, 2022** | **1,181.01** | **-** | **-** | **-** | **-** | **1,181.01** |
| Add: Profit for the year | (178.13) | - | - | - | - | (178.13) |
| Add: Other comprehensive Income for the year | - | - | - | - | - | - |
| Less: Other Adjustments pertaining to prior period | 4.00 | | | | | 4.00 |
| **As at March 31, 2023** | **998.88** | **-** | **-** | **-** | **-** | **998.88** |

### 2) Previous Reporting Period

| Particulars | Retained Earnings | General Reserve | Security Premium | Share based payment reserve | Capital redemption reserve | Total Other Equity |
|---|---|---|---|---|---|---|
| **As at 01-04-2020** | **270.60** | **-** | **-** | **-** | **-** | **270.60** |
| Less: Utilised for issuing bonus shares | - | - | - | - | - | - |
| Add: Profit for the year | 799.24 | - | - | - | - | 799.24 |
| Add: Other comprehensive Income for the year | - | - | - | - | - | - |
| **As at March 31, 2021** | **1,069.84** | **-** | **-** | **-** | **-** | **1,069.84** |
| Add: Profit for the year | 111.16 | - | - | - | - | 111.16 |
| Add: Other comprehensive Income for the year | - | - | - | - | - | - |
| **As at March 31, 2022** | **1,181.00** | **-** | **-** | **-** | **-** | **1,181.00** |

See accompanying notes forming part of the financial statements

In terms of our report attached

**For Agrawal Dhand Motwani & Co.**
**Chartered Accountants**

**For Digitalops Technology Private Limited**

**CA J. Motwani**
Partner
M.No. : 140418

**Surinder Singh Chawla**
Director
DIN: 07773376

**Heena Nikhil Shah**
Director
DIN: 10099961

Place: Pune
Date:
UDIN:

Place: Mumbai
Date:

Place: Mumbai
Date:

Notes Forming Integral Part of Financial Statements For The Year Ended 31st March, 2023

**1 Corporate Information:**

Digitalops Technology Private Limited ('the Company') was incorporated on 16th June, 2017 as a private limited company under the Companies Act, 2013. The registered office is located in Oberoi Garden Estate, Near Chandivali Studio, Wing-I, Andheri (E), Mumbai - 400072. The Company is engaged in the business of software consultancy Software designing, development,customisation, implementation, maintenance, testing and benchmarking, designing, developing and dealing in computer software and solutions, and to import, export, sell, purchase, distribute, host (in data centres or over the web) or otherwise deal in own and third party computer software packages, programs and solutions, and to provide internet / web based applications, services and solutions.

**2 Significant accounting policies:**

2.1 Statement of Compliance:

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015. These are the Company's first financial statements prepared in accordance with Ind AS and Ind AS 101 First time adoption of Indian Accounting Standards has been applied.

2.2 Basis of preparation of financial statements:

The financial statements have been prepared on an accrual basis and under the historical cost convention.

2.3 Use of Estimates:

The preparation of financial statements requires the management of the company to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Critical accounting estimates:

**i) Revenue Recognition**

The Company applies the percentage of completion method in accounting for its fixed price contracts. Use of the percentage of completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended.

Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

**ii) Income taxes**

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. The policy for the same has been explained under Note 2.10.

**iii) Property, plant and equipment**

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation 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 at the end of each reporting period. 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. The policy for the same has been explained under Note 2.4.

**iv) Provisions**

Provision is recognised when the Company 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 a reliable estimate can be made. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. The policy for the same has been explained under Note 2.12.

2.4 Property, Plant & Equipment:

Property, Plant & Equipment are stated at actual cost less accumulated depreciation and net of impairment.

The actual cost capitalised includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on Property, Plant & Equipment including assets taken on lease, other than freehold land is charged based on straight line method on an estimated useful life as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, where the life of the assets has been assessed as under based on technical advice, considering the nature of the asset, estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc

The company has used the following rates to provide depreciation on its non-current assets.

| Category | Useful Life (years) | Basis |
|---|---|---|
| Leasehold improvements | 3 | As per schedule II of the Indian Companies act, 2013 - WDV |
| Plant and Machinery | 15 | |
| Office equipment | 5 | |
| Furniture & Fittings | 10 | |
| Computer Hardware | 3 | |
| Electrical Installation | 15 | |
| Patterns | 15 | |
| Factory Equipments | 15 | |
| Software | 5 year amortization | As per Indian Accounting Standard - 36 |

The estimated useful lives and residual values of the Property, Plant & Equipment are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets costing upto Rs. 5,000/- are fully depreciated in the year of purchase except when they are part of a larger capital investment programme.

An item of Property, Plant & Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant & Equipment and intangible assets are determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

**2.5 Impairment of Assets:**

**i) Financial assets**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.”

**ii) Non-financial assets - Property, Plant & Equipment**

Property, Plant and Equipment and Other intangible assets with finite life are evaluated for recoverability when there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 unit (CGU) to which the asset belongs. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss."

**2.6 Revenue recognition:**

Revenue from software services, consulting services and business process outsourcing services include revenue earned from services rendered on 'time and material' basis, time bound fixed price engagements and system integration projects. Revenue recognition is based on the terms and conditions as per the contracts entered into / understanding with the customers. All revenues from services, as rendered, are recognised when persuasive evidence of an arrangement exists, the sale price is fixed or determinable and collectability is reasonably assured and are reported net of sales incentives, discounts based on the terms of the contract and applicable indirect taxes.

The Company also performs time bound fixed price engagements, under which revenue is recognised using the proportionate completion method of accounting, unless work completed cannot be reasonably estimated. Provision for estimated losses, if any on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates and can be reasonably estimated. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the period in which the change becomes known. Revenue from maintenance contracts is recognised over the period of the contract in accordance with its terms. Revenue is net of volume discounts/price incentives which are estimated and accounted for based on the terms of the contracts and excludes applicable indirect taxes. Amounts received or billed in advance of services performed are recorded as advances from customers / unearned revenue."

**2.7 Foreign currency transactions:**

The functional currency of the company is Indian Rupees (INR).

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the dates of Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognized in the profit or loss."

**2.8 Financial Instruments:**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

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. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss."

**i) Non-derivative financial instruments**

a) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

b) 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.

c) Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest rate method or at FVTPL. Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised in a business combination, or is held for trading or it is designated as FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit and 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."

**2.9 Borrowing costs:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of Profit and Loss.

**2.10 Taxation:**

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the Income Tax Act, 1962.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are recognised in other comprehensive income or directly in equity, respectively.

Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis."

**Deferred income taxes**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, 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 profit or loss at the time of the transaction. Deferred income tax asset are recognised 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 utilised. 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 utilised. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled. Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is probable evidence that the Company will pay normal income tax after the tax holiday period.

Deferred tax assets and liabilities are offset when it relates to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis. The Company recognises interest levied and penalties related to income tax assessments in interest expenses."

**2.11 Earnings per Share:**

Basic earnings / (loss) per share are calculated by dividing the net profit / (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the period and also after the Balance Sheet date but before the date the financial statements are approved by the Board of Directors.

**2.12 Provision, Contingent Liabilities and Contingent Assets:**

A provision is recognized when the Company 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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance costs. Contingent liabilities and Contingent assets are not recognized in the financial statements.

**3 Others:**

**3.1 Transfer Pricing:**

The Company has established a comprehensive system of maintenance of information and documents are required by the transfer pricing legislation under section 92-92F of the Income Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by such date as required under the law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

| For Agrawal Dhand Motwani & Co.<br>Chartered Accountants | For Digitalops Technology Private Limited | |
|---|---|---|
| **CA J. Motwani**<br>Partner<br>M.No. : 140418 | **Surinder Singh Chawla**<br>Director<br>DIN: 07773376 | **Heena Nikhil Shah**<br>Director<br>DIN: 10099961 |
| Place: Pune<br>Date:<br>UDIN: | Place: Mumbai<br>Date: | Place: Mumbai<br>Date: |

**Note 2: Property, Plant and Equipment and Intangible Assets**

**(a) Property, Plant and Equipment :**

(Amount in Rs. '000)

| Particulars | Gross Block | | | | Accumulated Depreciation / Amortisation | | | | Net Block | Net Block |
|---|---|---|---|---|---|---|---|---|---|---|
| | Cost as at April 01, 2022 | Additions during the year | Deletions during the year | Balance as at March 31, 203 | As at April 01, 2022 | For the year | Deductions during the year | Upto March 31, 2023 | As at March 31, 2022 | As at March 31, 2023 |
| Computers & Software | 283.31 | - | - | 283.31 | 186.84 | 54.93 | - | 241.77 | 96.47 | 41.54 |
| **Total** | **283.31** | **-** | **-** | **283.31** | **186.84** | **54.93** | **-** | **241.77** | **96.47** | **41.54** |

(Amount in Rs. '000)

| Particulars | Gross Block | | | | Accumulated Depreciation / Amortisation | | | | Net Block | Net Block |
|---|---|---|---|---|---|---|---|---|---|---|
| | Cost as at April 01, 2021 | Additions during the year | Deletions during the year | Balance as at March 31, 2022 | As at April 01, 2021 | For the year | Deductions during the year | Upto March 31, 2022 | As at March 31, 2021 | As at March 31, 2022 |
| Computers & Software | 283.31 | - | - | 283.31 | 98.14 | 88.70 | - | 186.84 | 185.17 | 96.47 |
| **Total** | **283.31** | **-** | **-** | **283.31** | **98.14** | **88.70** | **-** | **186.84** | **185.17** | **96.47** |

**Note 3: Trade receivables**

(Amount in Rs. '000)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Undisputed - Considered Good | - | 510.82 |
| Trade Receivables which have significant increase in Credit Risk | - | - |
| Trade Receivables-credit impaired | - | - |
| | - | 510.82 |
| Less: Allowance for doubtful debt (expected credit loss) | - | - |
| **Total** | - | 510.82 |

Trade Receivable Ageing Schedule

| | Particulars | Outstanding for the following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less Than 6 months | 6 months - 1year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| i) | Undisputed Trade Receivables - Considered Good | - | - | - | - | - | - |
| ii) | Undisputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - |
| iii) | Undisputed Trade Receivables - Credit Impaired | - | - | - | - | - | - |
| iv) | Disputed Trade Receivables - Considered Good | - | - | - | - | - | - |
| v) | Disputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - |
| vi) | Disputed Trade Receivables - Credit Impaired | - | - | - | - | - | - |

**Note 4: Cash and cash equivalents**

(Amount in Rs. '000)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **(a) Cash and cash equivalents** | | |
| Cash on hand | - | - |
| Balances with banks in current accounts | - | 283.82 |
| Cheque in Hand | **551.76** | - |
| | **551.76** | 283.82 |

**Note 5 : Income Taxes**

**(a) Income Tax Assets :**

(Amount in Rs. '000)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Opening Balance | - | 123.09 |
| Less: Prior period adjustment | - | - |
| Add: Tax paid in advance, net of provisions/(Refund) during the year | - | (123.09) |
| **Closing Balance** | - | - |

**(b) Income Tax Liabilities :**

(Amount in Rs. '000)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Opening Balance | **85.69** | - |
| Add: Current tax payable for the year | **-** | 85.69 |
| Less: Taxes paid | **85.69** | - |
| **Closing Balance** | **-** | 85.69 |

**(c) Deferred Tax :**

(Amount in Rs. '000)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Deferred tax assets** | | |
| Property, plant and equipments | | |
| Minimum Alternate Tax credit entitlement | | |
| Employee benefits | | |
| **Deferred tax liabilities** | | |
| Property, plant and equipments | | |
| Opening Balance | **18.04** | 17.38 |
| Add / Less: Current Year Adjustments | **(3.24)** | 0.66 |
| **Total** | **14.80** | 18.04 |

**Note 6: Other Assets**

(Amount in Rs. '000)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Current | | |
| Prepaid expenses | **-** | |
| Balances with government authorities | | |
| GST /Cenvat credit receivable | **600.38** | 573.63 |
| Others | | |
| Security deposits | | - |
| **Closing Balance** | **600.38** | 573.63 |

**Note 7: Share capital**

(Amount in Rs. '000)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Authorised:** | | |
| 10,000 (Previous year 10,000) Equity Shares of `10 each | **100.00** | 100.00 |
| **Total** | **100.00** | 100.00 |
| **Issued, Subscribed and Fully Paid-up :** | | |
| 10,000(Previous year 10,000) Equity Shares of `10 each fully paid up | **100.00** | 100.00 |
| Share application money received in advance | **-** | - |
| **Total** | **100.00** | 100.00 |

**7.1 Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year:**

| Particulars | No. of equity shares | Amount in Rs. |
|---|---|---|
| Shares outstanding at March 31, 2022 | 10,000.00 | 100,000.00 |
| Issued during the year | - | - |
| Shares outstanding at March 31, 2023 | 10,000.00 | 100,000.00 |

**7.2 Details of shareholders holding more than 5 % equity shares in the company as at the end of the year**

| Name of the shareholder | **As at March 31, 2023** | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **No. of equity shares held** | **% of Shareholding** | No. of equity shares held | % of Shareholding |
| Tech Mahindra Limited | **9,999** | **99.99%** | 9,999 | 99.99% |

7.3 Details of Shareholding of Promoters

| | **Shares held by promoters at the end of the year** | | % Change during the year |
|---|---|---|---|
| Promoter Name | **No. of Shares** | **% of Total Shares** | |
| Tech Mahindra Limited | 9,999 | 99.99% | - |

**Note 8: Other Equity**

(Amount in Rs. '000)

| Particulars | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Retained Earnings | **998.88** | 1,181.01 |
| General Reserve | **-** | - |
| Securities premium | **-** | - |
| **Total** | **998.88** | 1,181.01 |

**Note 9: Provisions**

(Amount in Rs. '000)

| Particulars | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Short Term | | |
| Provision for expenses | **80.00** | 80.00 |
| **Total** | **80.00** | 80.00 |

**Note 10: Revenue from operations**

(Amount in Rs. '000)

| Particulars | **Year Ended March 31, 2023** | Year Ended March 31, 2022 |
|---|---|---|
| Sale of Services - Export | **-** | 5,139.31 |
| **Total** | **-** | 5,139.31 |

**Note 11: Other Operating income**

(Amount in Rs. '000)

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Foreign Exchange Gain / (Loss) | **39.03** | - |
| **Total** | **39.03** | - |

**Note 12: Legal & Professional Fees**

(Amount in Rs. '000)

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Legal & Professional Fees | **68.60** | 4,490.51 |
| Payment to Auditors (Refer note below) | **80.00** | 80.00 |
| **Total** | **148.60** | 4,570.51 |

(Amount in Rs. '000)

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Statutory Audit fees | **80.00** | 80.00 |
| **Total** | **80.00** | 80.00 |

**Note 13: Other expenses**

(Amount in Rs. '000)

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Rates and taxes | **-** | 76.56 |
| Office Expenses | **-** | 120.51 |
| Foreign exchange (gain)/loss | **-** | 109.18 |
| Bank charges | **16.87** | 30.63 |
| **Total** | **16.87** | 336.88 |

**Note 14: Earnings per share**

(Amount in Rs. '000)

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|---|---|
| Net profit after tax for the year (Amount in Rs.) | **(178,132.43)** | 111,163.83 |
| Weighted average number of equity shares outstanding for basic earning per share | **10,000.00** | 10,000.00 |
| Add : Dilutive share -Employees stock options outstanding | **-** | - |
| Weighted average number of equity shares outstanding for diluted earning per share | **10,000.00** | 10,000.00 |
| Nominal value per equity share (in ₹) | **10.00** | 10.00 |
| Basic earnings per share (in ₹) | **(17.81)** | 11.12 |
| Diluted earnings per share (in ₹) | **(17.81)** | 11.12 |

**Note 15 : Mergers & Acquisitions**

The Company was acquired by Tech Mahindra Limited on May 07, 2021. Therefore, the Company is Wholly Owned Subsidiary w.e.f. the said date.

**Note 16: Fair Value Measurement**

**(i) Financial assets and liabilities**

The carrying value and fair value of financial instruments by category is as follows :

(Amount in Rs. '000)

| | **As at March 31, 2023** | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **Fair Value** | **Carrying Value** | Fair Value | Carrying Value |
| **Financial assets :** | | | | |
| **Amortised cost :** | | | | |
| Trade receivables | **-** | **-** | 510.82 | 510.82 |
| Cash and cash equivalents | **-** | **-** | - | - |
| Other bank balances | **551.76** | **551.76** | 283.82 | 283.82 |
| Other Financial Asset | **600.38** | **600.38** | 573.63 | 573.63 |
| **Total** | **1,152.15** | **1,152.15** | 1,368.27 | 1,368.27 |
| Financial Liabilities : | | | | |
| Amortised cost : | | | | |
| Trade payables | **-** | **-** | - | - |
| Other financial liabilities | **80.00** | **80.00** | 80.00 | 80.00 |
| **Total** | **80.00** | **80.00** | 80.00 | 80.00 |

**(ii) Fair value hierarchy :**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

**(iii) Financial risk management :**

The Company's activities are exposed to variety of financial risks. These risks include market risk, credit risk and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company through established policies and processes which are laid down to ascertain the extent of risks, setting appropriate limits, controls, continuous monitoring and its compliance.

(a) Market risk :

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market prices. The Company is not an active investor in equity markets; it continues to hold certain investments in equity for long term value accretion. Market risk comprises of three type of risks namely interest rate risk, currency risk and other price risk such as equity price risk. The Company is not exposed to currency risk and other price risk whereas the exposure to interest risk is given below :

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rate.

(b) Credit Risk

The Company is exposed to credit risk, which is the risk that counterparty will default on its contractual obligation resulting in a financial loss to the Company. Credit risk arises majorly from cash and cash equivalents, deposits with banks, Investments as well as credit exposures to customers including outstanding receivables.

Credit Risk Management

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations, and arises principally from the companies receivables from customers.

Credit risk arises from the possibility that customers may not be able to settle their obligations as agreed. To manage this risk, the Company periodically assesses the financial reliability of customers, taking into account their financial position, past experience and other factors. The Company manages credit risk through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue.

(c) Liquidity Risk

Liquidity Risk is the risk that the company will not be able to meet its financial obligation as they fall due. Liquidity risk arises because of the possibility that the company could be required to pay its liabilities earlier than expected or encounters difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The company approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due. The Company generates cash flows from operations to meet its financial obligations and manages liquidity risk by maintaining sufficient cash and bank balance and availability of funding through adequate amount of committed credit facilities.

Contractual maturities of significant financial liabilities are mentioned below. The amounts disclosed in the table are the contractual undiscounted cash flows :

(Amount in Rs. '000)

| **As at March 31, 2023** | **Less than 1 year** | **1-3 years** | **More than 3 years** |
|---|---|---|---|
| Trade payables | - | - | - |
| Other financial liabilities | 80.00 | - | - |
| | 80.00 | - | - |

| As at March 31, 2022 | **Less than 1 year** | **1-3 years** | **More than 3 years** |
|---|---|---|---|
| Trade payables | - | - | - |
| Other financial liabilities | 80.00 | - | - |
| | 80.00 | - | - |

(iv) Capital management

The capital structure of the Company consists of equity and cash and cash equivalents. The Company's objective for capital management is to maintain the capital structure which will support the Company's strategy to maximize shareholder's value, safeguarding the business continuity and help in supporting the growth of the Company.

**Note 17: Related Party Disclosures**

(Amount in Rs. '000)

**A) List of Related Parties and description of their relationship are as follows:**

**Nature of Relationship**

**1. Holding Company**

Digital Onus Inc*

Tech Mahindra Limited

**2. Director**

Surinder Singh Chawla

Aniruddha Vinayak Gadre

Gautum Shirali**

**B) Total Transactions with related parties are as follows:**

| | Amount in Rs. '000 | |
|---|---|---|
| **(A) Nature of transactions** | **2022-23** | 2021-22 |
| Digital Onus Inc: | | |
| Sale of Services | - | 5,139.31 |

| | Amount in Rs. '000 | |
|---|---|---|
| **(B)Balances at the end of the year** | **2022-23** | 2021-22 |
| Digital Onus Inc: | | |
| Trade Receivables | - | 510.82 |

*Note: From May 07, 2021, the shares were acquired by Tech Mahindra Limited

Hence the holding company from the said date is Tech Mahindra Limited.

Digital Onus Inc was also acquired by Tech Mahindra Limited. Therefore, Digital Onus Inc and Digitalops Technology Private Limited are related party due to common holding company.

**Gautum Shirali was director for the reporting period. However, he has resigned from directorship post the reporting date. Heena Shah is appointed as new Director on 17/04/2023.

**Note 18: Additional Regulatory Information**

a The Company does not own benami properties. Further, there are no proceedings which have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

b During the year ended March 31, 2023 and year ended March 31, 2022, the Company has not traded or invested in Crypto currency or Virtual Currency.

c There were no Scheme of Arrangements entered by the Company during the current and previous, which required approval from the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

d The Company has not advanced any loan or invested any funds (either from borrowed funds or share premium of any other sources or kind of funds) to or in any other person(s) or entity(is), including foreign entities (intermediaries), with understanding, whether recorded in writing or otherwise, that the intermediary shall, directly or indirectly lend or invest in other person or entities identified in another manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or like on behalf of the Ultimate Beneficiaries.

e There no transactions between companies struck off under section 248 of the Companies Act, 2013 during current and previous year.

f There were no charges or satisfaction yet to be registered with Registrar of Companies.

g The company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

**Note 19: Others**

a The management had closed the only bank account held by the company and cheque of balance amount of Rs. 5,51,754/- was issued by the bank. Since there was no other bank account in the company's name, the cheque in hand stands uncleared as on the date of the balance sheet. However the management has opened a bank account after the balance sheet with ICICI bank and deposited the cheque in the company's name.

**Note 20: Ratio Analysis**

As required by the Schedule III amendment notification dated March 24, 2021, the Company is required to disclose the following ratios:

(Amount in Rs. '000)

| Sr. No. | Particulars | Formula | FY 2022-2023 | | | | FY 2021-2022 | | | | Change YoY |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Numerator | Denominator | Ratio | Term | Numerator | Denominator | Ratio | Term | |
| i) | Current Ratio | "Current Assets / Current Liabilities" | 1,152.14 | 80.00 | 14.4 | Times | 1,368.27 | 165.69 | 8.3 | Times | 74% |
| ii) | Debt-Equity Ratio | Debt / Equity | - | 1,098.88 | - | Times | - | 1,281.01 | - | Times | 0% |
| iii) | Debt Service Coverage Ratio | "EBITDA / (Interest + Principal)" | N / A | | | | | | | | |
| iv) | Return on Equity | Net Income / Shareholder's Equity | (178.13) | 1,098.88 | -16.21% | % | 111.16 | 1,281.01 | 8.68% | % | -287% |
| v) | Inventory Turnover Ratio | "COGS / Average Inventory" | N / A | | | | | | | | |
| vi) | Trade Receivable Turnover Ratio | Net Credit Sales / Average Accounts Receivable | - | 255.41 | - | Times | 5,139.31 | 709.85 | 7.2 | Times | -100% |
| vii) | Trade Payable Turnover Ratio | Net Credit Purchases / Average Accounts Payables | N / A | | | | | | | | |
| viii) | Net Capital Turnover Ratio | Turnover / Shareholder's Equity | - | 1,098.88 | - | Times | 5,139.31 | 1,281.01 | 4.0 | Times | -100% |
| ix) | Net Profit Ratio | Net Profit / Sales | (178.13) | - | #DIV/0! | % | 111.16 | 5,139.31 | 2.16% | % | #DIV/0! |
| x) | Return on Capital Employed | "EBIT / Shareholder's Equity" | (181.37) | 1,098.88 | -16.51% | % | 197.51 | 1,281.01 | 15.42% | % | -207% |
| xi) | Return on Investment | Net Income / Investment Base | N / A | | | | | | | | |

As per the explanations given by the management, below are the reasons for the increase / decrease in the ratios being more than 25%

**i) Current Ratio:**

All current liabilities were paid by December 2021 and less to no activity starting from November 2021.

**ii) Return on Equity:**

The Company has no sales in the current year and have incurred only administrative expenses due to which the company is loss making compared to preious year.

**iii) Trade Receivable Turnover Ratio:**

No revenue in current year and total receipt of opening trade receivables has led to the reduction in Trade Receivable turnover ratio.

**iv) Net Capital Turnover Ratio:**

No revenue in current year has led to the reduction in Net Capital turnover ratio.

v) Net Profit Ratio:

Since there is no sales in current year and only administrative expenses are incurred, the net profit ratio cannot be ascertained mathematically.

vi) Return on Capital Employed:

No revenue in current year has led to the reduction in Return on Capital Employed.

See accompanying notes forming part of the financial statements 1-20

In terms of our report attached

| | | |
|---|---|---|
| **For Agrawal Dhand Motwani & Co.**<br>**Chartered Accountants** | **For Digitalops Technology Private Limited** | |
| **CA J. Motwani**<br>Partner<br>M.No. : 140418 | **Surinder Singh Chawla**<br>Director<br>DIN: 07773376 | **Heena Nikhil Shah**<br>Director<br>DIN: 10099961 |
| Place: Pune<br>Date:<br>UDIN: | Place: Mumbai<br>Date: | Place: Mumbai<br>Date: |

# ALLYIS INDIA PRIVATE LIMITED

**Board of Directors**

Mr. Nalin Mittal (DIN-02170896)
Mr. Narasimham Venkata Rachakonda (DIN-00339167)

**Auditors**

APU & Company
Chartered Accountants

**Bankers**

KOTAK MAHINDRA BANK LTD.

**Registered Office**

Ohri Towers,53 A (old), New No.9-1-154, Sebastian Road,
Secunderabad Hyderabad Hyderabad TG 500081

# BOARD'S REPORT

To the Members,
Allyis India Private Limited,

Your Directors have the pleasure in submitting their 9th Annual Report on the business and operations of the Company together with the Audited Financial Statements for the year ended 31st March, 2023.

## 1. FINANCIAL SUMMMARY

The summarised version of the financial data for the current year and the previous year are as follows:

[INR] (In "000")

| | **For the year ended 31st March, 2023** | For the year ended 31st March, 2022 |
|---|---|---|
| Gross Receipts | **4,50,117.67** | 3,72,538.20 |
| Other Income | **1,721.98** | 1,104.56 |
| Total Income | **4,51,839.65** | 3,73,642.76 |
| Less: Expenses | **3,79,968.36** | 3,15,153.79 |
| Profit before Depreciation | **71,871.29** | 58,488.97 |
| Less: Depreciation | **13,086.98** | 9,886.59 |
| Profit after depreciation | **58,784.30** | 48,602.38 |
| Less: Current year Income Tax | **16,748.68** | 13,543.01 |
| Less: Previous year adjustment of Income Tax | **--** | 34.99 |
| Less: Deferred Tax | **-417.16** | -652.27 |
| Net Profit after Tax | **42,452.78** | 35,676.64 |
| Dividend (Interim) | **27,192.21** | - |
| Net Profit after dividend and Tax | **42,452.78** | 35,676.64 |
| Amount transferred to General Reserve | **42,452.78** | 35,676.64 |
| Balance carried to Balance Sheet | **42,452.78** | 35,676.64 |
| Earnings per share (Basic) (Rs.) | **53.08** | 41.75 |
| Earnings per Share (Diluted) (Rs.) | **53.08** | 41.75 |

## 2. STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK

During the period under review, the Company has earned revenue from operations of Rs.4,50,117.67 (in "000") from rendering of services representing an increase of 20.82%over previous year. The Directors are striving hard and making all efforts for further improved performance in the years to come.

## 3. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There have been no material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relate and the date of this report.

## 4. DIVIDEND

Your Directors had declared and paid an Interim Dividend of Rs.34 per share aggregating to Rs. 2,71,92,214 (Rupees Two Crore Seventy One Lakh Ninety Two Thousand Two Hundred Fourteen only) on equity share capital of the Company which was paid out of the profits of the Company for the half year ended on 30th September 2022 after deduction of tax at source, to those equity shareholders whose names appear in the Register of Members as on 18th October,2022.

**5. TRANSFER TO RESERVES**

No amount was transferred to the reserves during the Financial Year ended on 31st March, 2023 in terms of section 134 (3) (j) of the Companies Act, 2013.

**6. SHARE CAPITAL, DEBENTURES, BONDS OR ANY NON-CONVERTIBLE SECURITIES**

**i. Authorized Share Capital**

The authorized share capital of your Company as on March 31, 2023 stood at INR 2,00,00,000/- (Rupees Two Crore only) comprising of 20,00,000 (Twenty Lakh Only) Equity Shares of INR 10/- (Rupees Ten only) each.

**ii. Paid-up Equity Share Capital**

The paid up share capital of your Company as on March 31, 2023 stood at INR 79,97,710/- (Rupees Seventy Nine Lakh Ninety Severn Thousand Seven Hundred Ten only) comprising of 7,99,771 (Seven Lakh Ninety Nine Thousand Seven Hundred Seventy One) Equity Shares of INR 10/- (Rupees Ten only) each.

The company has neither allotted any sweat equity shares and bonus shares nor any shares with differential voting rights or shares under Employee Stock Option Plan nor has bought back any equity shares or securities during the year under review.

**iii. Debentures, bonds or any non-convertible securities**

During the year under review, your Company has not issued any Debentures, Bonds or any non-convertible securities.

**7. CHANGE IN NATURE OF BUSINESS**

There is no change in the nature of the business of the Company.

**8. ANNUAL RETURN**

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return of the Company for the Financial Year 2022-23 will be available on the Company's website at (www.allyis.com)

**9. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

There were no loans, guarantees or investments made by the Company under section 186 of the Companies Act 2013.

**10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

The company had entered into certain Related Party Transactions pursuant to section 188 of the Companies Act, 2013 during the year under review. Although all the transactions were at Arms' Length basis, the details of the same are provided in Form AOC-2 as Annexure to the Directors Report.

**11. STATUTORY AUDITORS**

M/s APU & Company, Chartered Accountants (Firm Registration Number : 019542N), were appointed as the Statutory Auditors of the Company for a period of five years at the 3rd Annual General Meeting of the Company held on 29th September, 2017, to hold office from the conclusion of 3rd Annual General Meeting till the conclusion of 8th Annual General Meeting at a remuneration as mutually agreed between the Board and the Auditors and being eligible for re-appointment until the conclusion of Thirteenth Annual General Meeting of the Company, to be held in the Year 2027, were reappointed at the 8th AGM. As required under the provisions of section – 139(1) of the Companies Act, 2013, the Company has received a written consent from M/s. A P U & Company, Chartered Accountant to their re-appointment and a certificate, to the effect that their re-appointment, if made, would be in accordance with Act and the Rules framed there under and that they satisfy the criteria provided in section- 141 of Companies Act, 2013.

**12. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS**

There are no qualifications, reservations or adverse remarks made by the Auditors in their report.

**13. DETAILS OF DIRECTORS & KMP(s)**

Ms. Geeta Surendra Prasad (DIN-01664746) and Mr. Surendra Prasad (DIN-01664695) have resigned from the directorship of the Company with effect 12.05.2022 while Mr. Rakesh Garg (DIN- 02925559) has resigned as Director of the Allyis India Private Limited with effect from March 31, 2023 and Ms. Sarada Ramakrishnan Bharadwaj (DIN-08858046) and Mr. Manish Samadarshi (DIN- 08860006) have resigned as Directors of the Allyis India Private Limited with effect from March 16, 2023 and March 17, 2023 respectively.Your Directors places on record their appreciation for the assistance and guidance during their tenure as Directors of the Company.

During the year under review, Mr Nalin Mittal (DIN 02170896) and Mr Narasimham Venkata Rachakonda (DIN-00339167) are co-opted by the Board as Additional Directors effective 29th April, 2022 and were subsequently appointed as the Directors in the Annual General Meeting.

**14. DIRECTORS RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility Statement:

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;

c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) the directors had prepared the annual accounts on a going concern basis;

e) the Company being unlisted, sub clause (e) of section 134(5) of the Companies Act, 2013 pertaining to laying down internal financial controls is not applicable to the Company;

f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**15. NUMBER OF BOARD MEETINGS/COMMITTEE MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW**

The Board meets at regular intervals to discuss and decide on the Company and its business policies and strategies apart from other Board businesses. The Board met 5 times on the following dates during the year financial year under review:

| Sl. No. | Date of Board Meeting | No. of Directors attended |
|---|---|---|
| 1. | 29th April 2022 | 3 |
| 2. | 11th May 2022 | 5 |
| 3. | 25th August 2022 | 3 |
| 4. | 18th October 2022 | 4 |
| 5. | 03rd February 2023 | 5 |

**ATTENDANCE OF DIRECTORS IN THE MEETINGS:**

| Sr. No. | Name of Director | Board Meeting | | | Committee Meeting | | |
|---|---|---|---|---|---|---|---|
| | | No of Meeting held | No of Meeting attended | % | No of Meeting held | No of Meeting attended | % |
| 1 | Manish Samadarshi | 5 | 5 | 100 | - | - | - |
| 2 | Rakesh Garg | 5 | 5 | 100 | - | - | - |
| 3 | Sarada Ramakrishnan Bharadwaj | 5 | 5 | 100 | - | - | - |
| 4 | Nalin Mittal | 4 | 2 | 50 | - | - | - |
| 5 | Narasimham Venkata Rachakonda | 4 | 1 | 25 | - | - | - |
| 6 | Geeta Surendra Prasad | 2 | 1 | 50 | | | |
| 7 | Surendra Prasad | 2 | 1 | 50 | | | |

**16. STATEMENT INDICATING THE MANNER IN WHICH FORMAL ANNUAL EVALUATION HAS BEEN MADE BY THE BOARD OF ITS OWN PERFORMANCE, ITS DIRECTORS, AND THAT OF ITS COMMITTEES**

The disclosure with respect to formal annual evaluation by the board is not applicable to your Company.

**17. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company does not have any Subsidiary Company or Joint Venture. The transations with the associate companies are enlisted in the Financial Statements.

**18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Part A and B pertaining to the conservation of energy and the technology absorption is not applicable to the company.

| C | Foreign Exchange Earnings/ Outgo: | INR (in “000”) |
|---|---|---|
| | Earnings | 4,50,117.67 |
| | Outgo | ---- |

**19. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY**

The provisions related to Risk Management Policy development and implementations are not applicable to your company.

**20. SECRETARIAL STANDARDS**

Your directors state and confirm that the Company has complied with the secretarial standards as notified by the Institute of Company Secretaries of India to the extent applicable to the Company.

**21. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

For FY 22-23,the provisions relating to Section 135 of the Companies Act, 2013 are not applicable to the Company.

**22. PROVIDING VIGIL MECHANISM**

The provisions relating to Section 177(9) read with Rule 7 of the Companies (Meetings of the Board and its Powers), Rules, 2014 are not applicable to the company.

**23. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation was observed.

**24. DEPOSITS**

The Company has not accepted any deposits during the year under review.

**25. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013**

The Company has a “Prevention of Sexual Harassment Committee (POSH)”. Such committee is responsible for end to end management and disposal of any cases that may be reported to it. During the year 2022-23, no such cases were reported.

**26. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS**

During the year under consideration, no order is passed by regulators, courts or tribunals impacting the going concern status and Company’s operations in future.

**27. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The current scale of operations of the Company is not such to require any severe measures being taken towards the Internal Financial Control. Although all the necessary measures being taken by the Management to ensure adoption of proper processes, practices and procedure in conducting the affairs of the Company and preparation and presentation of Financial statements. These aspects of operations are regularly reviewed and verified by the Company’s Statutory Auditor.

**28. AUDITOR’S REPORT**

Auditor Report on the Final Statements of the Company does not contain any reservation, qualification or adverse remark. The observations made by the Auditors of the Company in their report read with the Notes to Accounts, are self-explanatory and do not need any further clarification.

**29. TRANSFER TO UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

The provisions of Section 125(2) of the Companies Act, 2013 do not apply to the Company as the company was not required to transfer any amount to IEPF.

**30. OTHER MATTERS**

The following disclosures are not applicable to this company and hence no reporting is required:

| Sl. No | Particulars | Section & Rules |
|---|---|---|
| 1. | Secretarial Audit Report | Section 204(1) of the Companies Act, 2013. |
| 2. | Declaration of Independent Directors | Section 134(3)(d) read with Section 149(6) of the Companies Act, 2013. |
| 3. | Receipt of Any Commission By MD / WTD From A Company Or For Receipt Of Commission / Remuneration From Its Holding Or Subsidiary<br>Section 197(14) of the Companies Act, 2013. | |
| 4. | Managerial Remuneration | Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. |
| 5. | Disclosure Of Composition Of Audit Committee | Section 177(8) read with Rule 6 of the Companies (Meetings of the Board and its Powers), Rules, 2014 |
| 6. | Nomination & Remuneration Committee Policy | Section 178(3) of the Companies Act, 2013. |

| Sl. No | Particulars | Section & Rules |
|---|---|---|
| 7. | Statement Indicating the Manner in which Formal Annual Evaluation Has Been Made by the Board Of Its Own Performance, Its Directors, And That Of Its Committees<br>Section 134(p) read with Rule 8(4) of Companies (Accounts) Rules, 2014. | |
| 8. | Management Discussion and Analysis Report<br>Article I. | Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. |
| 9. | Corporate Governance<br>Regulation 27 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. | |
| 10. | Maintenance of Cost Records | Section 148(1) of the Companies Act, 2013 |
| 11. | Particulars of employees | The provisions relating to Section 197(12) read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. |

**31. ACKNOWLEDGEMENTS**

Your Directors place on record their sincere thanks to bankers, employees, consultants, and various Government Authorities for their continued support extended to your Company's activities during the year under review. Your Directors also acknowledge gratefully the shareholders for their support and confidence reposed in the Company.

| For Allyis India Private Limited | For Allyis India Private Limited |
|---|---|
| **Nalin Mittal**<br>Director<br>DIN-02170896 | **Narasimham Venkata Rachakonda**<br>Director<br>DIN-00339167 |

Place: Hyderabad
Date: 26.05.2023

# ANNEXURE
# FORM NO. AOC -2

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014**

Form for Disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms' length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis: NIL

| Sr. No. | Particulars | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | NIL |
| b) | Nature of contracts/arrangements/transaction | NIL |
| c) | Duration of the contracts/arrangements/transaction | NIL |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | NIL |
| e) | Justification for entering into such contracts or arrangements or transactions' | NIL |
| f) | Date of approval by the Board | NIL |
| g) | Amount paid as advances, if any | NIL |
| h) | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | NIL |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| Sr. No. | Particulars | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | Export between Allyis India and Allyis INC -100% equity shares of Allyis India are held by Tech Mahindra Limited (India) and 100% shares of Allyis INC are held by Tech Mahindra America. Further 100% shares of Tech Mahindra America are held by Tech Mahindra Limited (India)<br><br>Export between Allyis India and Zen3 Infosolutions (America) Inc.-Zen 3 is the wholly owned subsidiary of Tech Mahindra Limited. Allyis India is also wholly owned subsidiary of Tech Mahindra Limited.<br><br>Lease Rent-Allyis India and Tech Mahindra Limited<br><br>100% equity shares of Allyis India are held by Tech Mahindra Limited (India) |
| b) | Nature of contracts/ arrangements/ transaction | Service Agreement for Software Development and Lease deed |
| c) | Duration of contracts/ arrangements/ transaction | 1. Service Agreement (Allyis INC)-24 months<br>2. Service Agreement (Zen3)-as per clause 10 of agreement dated 18th Oct. 2022<br>3. Lease deed-17th Months |

| Sr. No. | Particulars | Details |
|---|---|---|
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | 1. Export (in "000") to Allyis INC Rs. 4,43,335.71/- Terms as per TP agreement.<br>2. Export (in "000") to Zen3 Rs. 6781.96/- Terms as per agreement.<br>3. Rent (in "000") Rs.19.88- Terms as per Lease deed |
| e) | Date of approval by the Board | 02.08.2021 |
| f) | Amount paid as advances, if any | Nil |

**For Allyis India Private Limited**

**Nalin Mittal**
Director
DIN-02170896

**For Allyis India Private Limited**

**Narasimham Venkata Rachakonda**
Director
DIN-00339167

Place: Hyderabad
Date: 26.05.2023

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLYIS INDIA PRIVATE LIMITED

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of ALLYIS INDIA PRIVATE LIMITED, ("the Company"), which comprise the Balance sheet as at 31st March 2023, statement of profit and loss (and statement of other comprehensive income), statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 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 ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 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 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 financial statements that give a true and fair view of the financial position, financial performance (including other 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, 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 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.

(d) The Balance Sheet, the Statement of Profit and Loss, the statement of other comprehensive income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(e) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

(f) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

(g) Since the Company's turnover as per last audited financial statements is less than Rs.50 Crores and its borrowings from banks and financial institutions at any time during the year is NIL, the Company is exempted from getting an audit opinion with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls vide notification dated June 13, 2017;

.

(h) 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 does not have any pending litigations which would impact its financial position

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company, if any.

**For APU & Company**
Chartered Accountants

**CA Ankur Jain**
Partner
M No. 502270
UDIN:

Place: New Delhi
Date:

# ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ALLYIS INDIA PRIVATE LIMITED

(i) (a) (A) The company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The company is maintaining proper records showing full particulars of intangible assets;

(b) As explained to us, these Property, Plant and Equipment have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.

(c) The company does not own any immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee). Hence, clause i(c) of paragraph 3 is not applicable to the Company.

(d) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) There are no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) (a) Physical Verification of Inventory………..-this clause does not applicable to the company.

(b) During any point of time of the year, the company doesn't have any working capital limits from banks or financial institutions on the basis of security of current assets. Hence, there is no requirement to file the quarterly returns or statements by the company with such banks or financial institutions.

(iii) During the year the company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Hence clause (iii) of paragraph 3 of the said order is not applicable.

(iv) The Company has not given any loans, made investments, guarantees, and security, in respect of provisions of sections 185 and 186 of the Companies Act. Hence clause (iv) of paragraph 3 of the said order is not applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence clause (v) of paragraph 3 of the said order is not applicable.

(vi) As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (l) of section 148 of the Act in respect of business of the company.

(vii) (a) The company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities.

(b) There is no disputed amount of statutory dues referred to sub-clause (a).

(viii) There are no such transactions need to record in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) As the Company does not have any loans or borrowings from any financial institution or bank or Government, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Hence, the provisions of Clause 3(x) of the Order are not applicable to the Company.

(xi) (a) There is no fraud by the company or any fraud on the company has been noticed or reported during the year. Hence, the provisions of Clause 3(xi)(a) of the Order are not applicable to the Company.

(b) There is no report requited to file under sub-section (12) of section 143 of the Companies Act by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;

(c) There are no whistle-blower complaints received during the year by the company. Hence, the provisions of Clause 3(xi)(c) of the Order are not applicable to the Company.

(xii) (a) As the Company is not a Nidhi Company, Nidhi Rules, 2014 are not applicable to it. The provisions of clause 3(xii) of the Order are not applicable to the Company.

(xiii) All the transactions with related parties in compliance with the provisions of sections 177 and 188 of the Act and the details have been disclosed in the financial statements, etc., as required by the applicable accounting standards.

(xiv) The company is not covered u/s 138 of Companies Act 2013. Hence, clause 3(xiv) of the Order are not applicable to the Company.

(xv) The Company has not entered any non-cash transactions with directors or persons connected with him.

(xvi) (a) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934). Accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

(b) The company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934;

(c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) As the company is not CIC, clause 3(xvi) (d) not applicable to the Company.

(xvii) The company has not incurred any cash losses in the financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor’s knowledge of the Board of Directors and management plans, The auditor is of the opinion that no material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;

(xx) As provisions of Section 135 of the Act is not applicable on the company, the provisions of Clause 3(xx) of the Order are not applicable to the Company.

(xxi) As the consolidated financial statements is not applicable on the company, the provisions of Clause 3(xxi) of the Order are not applicable to the Company.

**For APU & COMPANY**
Chartered Accountants

**CA Ankur Jain**
Partner
M No. 502270
Place: Delhi

# BALANCE SHEET AS AT 31 MARCH 2023

(All amounts are in INR Thousands, unless otherwise stated)

| | Note | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | **10,992.46** | 10,042.92 |
| Right of use assets | 4 | **4,534.20** | - |
| Intangible assets | 5 | **49.99** | 29.97 |
| Financial assets | | | |
| i) Other financial Assets | 6 | **19.02** | 7,508.89 |
| Deferred tax assets (net) | 7 | **1,252.60** | 835.43 |
| Other non current assets | | **-** | - |
| | | **16848.27** | 18,417.21 |
| **Current assets** | | | |
| Financial assets | | | |
| i) Trade receivables | 8 | **47,857.59** | 30,386.34 |
| ii) Cash and cash equivalents | 9 | **45,012.54** | 27,897.09 |
| iii) Other Financial Assets | 10 | **139.84** | - |
| Income Tax Asset (Net) | | **-** | - |
| Other current assets | 11 | **7,403.61** | 8,015.12 |
| | | **100,413.58** | 66,298.55 |
| **TOTAL** | | **117,261.85** | 84,715.76 |
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' funds** | | | |
| Equity share capital | 12 | **7,997.71** | 7,997.71 |
| Other equity | 13 | **78,829.41** | 64,032.14 |
| | | **86,827.12** | 72,029.85 |
| **Non-current liabilities** | | | |
| Provisions | 14 | **12,831.97** | 7,257.94 |
| Deferred tax liabilities (net) | 7 | **-** | - |

| | Note | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| Other non-current Liabilities | | **-** | - |
| | | **12,831.97** | 7,257.94 |
| **Current liabilities** | | | |
| Financial Liabilities | | | |
| i) Lease liabilities | 4 | **4,652.35** | - |
| ii) Trade payables | 15 | **2,802.62** | 216.77 |
| iii) Other Financial Liabilities | 16 | **2,236.91** | 788.99 |
| Provisions | 17 | **1,432.48** | 826.86 |
| Income Tax Liabilities (Net) | | **1,169.82** | 235.64 |
| Other current liabilities | 18 | **5,308.58** | 3,359.71 |
| | | **17,602.76** | 5,427.97 |
| **TOTAL** | | **117,261.85** | 84,715.76 |
| **Significant accounting policies** | 2 | | |

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

| | | |
|---|---|---|
| **For APU & Company**<br>Chartered Accountants<br>Firm Registration Number : 019542N | For and on behalf of the Board of Directors of<br>**ALLYIS INDIA PRIVATE LIMITED** | |
| **CA Ankur Jain**<br>Partner<br>M.No.502270<br>UDIN: 23502270BGXRDE5224 | **Narasimham Venkata Rachakonda**<br>Director<br>DIN 00339167 | **Nalin Mittal**<br>Director<br>DIN 02170896 |
| Place : Hyderabad<br>Date : May 26, 2023 | Place : Hyderabad<br>Date : May 26, 2023 | Place : Hyderabad<br>Date : May 26, 2023 |

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2023

| | Note | For the year ended 31 March 2023 | For the year ended 31 March, 2022 |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from operations | 19 | **450,117.67** | 372,538.20 |
| Other income | 20 | **1,721.98** | 1,104.56 |
| **Total revenue** | | **451,839.65** | 373,642.76 |
| **Expenses** | | | |
| Employee benefits expense | 21 | **363,371.70** | 293,962.69 |
| Finance costs | 22 | **320.77** | 89.92 |
| Depreciation and amortization expense | 23 | **13,086.98** | 9,886.59 |
| Other expenses | 24 | **16,275.90** | 21,101.18 |
| **Total expenses** | | **393,055.35** | 325,040.38 |
| **Profit/(loss) before tax** | | **58,784.30** | 48,602.38 |
| **Tax expense** | | | |
| Current tax | | **16,748.68** | 13,578.00 |
| Deferred tax charge/(credit) | 7 | **(417.16)** | (652.27) |
| **Profit/(loss) for the year** | | **42,452.78** | 35,676.64 |
| **Other Comperihensive Income ("OCI")** | | | |
| **Items not to be reclassified to Profit or loss account** | | | |
| Remeasurement gain/(loss) on defined benefit plans | | **(463.31)** | - |
| **Other Comperihensive Income/(Loss) for the year** | | **(463.31)** | - |
| **Total Comperihensive Income/(Loss) for the year** | | **41,989.49** | 35,676.64 |
| **Earning/(Loss) per share (Rs)** | | | |
| Basic [nominal value of Rs 10 per share (previous year Rs 10)] | 25 | **53.08** | 41.75 |
| Diluted [nominal value of Rs 10 per share (previous year Rs 10)] | 25 | **53.08** | 41.75 |
| **Significant accounting policies** | 2 | | |

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

**For APU & Company**
Chartered Accountants
Firm Registration Number : 019542N

For and on behalf of the Board of Directors of
**ALLYIS INDIA PRIVATE LIMITED**

**CA Ankur Jain**
Partner
M.No.502270
UDIN:

**Narasimham Venkata Rachakonda**
Director
DIN 00339167

**Nalin Mittal**
Director
DIN 02170896

Place : Hyderabad
Date : May 26, 2023

Place : Hyderabad
Date : May 26, 2023

Place : Hyderabad
Date : May 26, 2023

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

(All amounts are in INR Thousands, unless otherwise stated)

| | **Year ended 31 March 2023** | Year ended 31 March 2022 |
|---|---|---|
| **Cash flow from operating activities** | | |
| **Net profit/(loss) before tax** | **58,784.30** | 48,602.38 |
| Adjustments: | | |
| Depreciation and amortisation | **13,086.98** | 9,886.59 |
| Loss on sale of Asset | **6.96** | - |
| Interest Income | **(188.66)** | - |
| Finance costs | **320.77** | 89.92 |
| **Operating cash flow before working capital changes** | **72,010.36** | 58,579.89 |
| Increase in inventories | **-** | - |
| Decrease in loans & advances and other assets | **7,961.54** | (12,523.34) |
| Decrease/(Increase) in trade receivables | **(17,471.26)** | (10,018.61) |
| Increase in other current liabilities | **3,396.79** | 1,326.74 |
| (Decrease) / Increase in trade payables | **597.34** | 107.41 |
| Increase in provisions | **6,179.66** | 13,180.50 |
| **Cash generated from operations** | **72,674.43** | 50,652.58 |
| Income tax paid | **(15,908.57)** | (13,578.00) |
| **Net cash from operating activities (A)** | **56,765.87** | 37,074.58 |
| **Cash flow from investing activities** | | |
| Purchase of property, plant and equipment | **(12,378.25)** | (11,864) |
| Invest in Fixed Deposit | **(30,010.00)** | - |
| Interest Received | **29.96** | - |
| Proceeds from sale of property, plant and equipment | **210.96** | 83.65 |
| **Net cash (used in) investing activities (B)** | **(42,147.33)** | (11,781) |
| **Cash flow from financing activities** | | |
| Dividend paid (including corporate dividend tax) | **(27,192.21)** | - |
| Finance costs paid | **(320.77)** | (90) |
| Buy back of shares | **-** | (8,400) |
| Tax on buy back of Equity Shares | **-** | (1,491) |
| **Net cash (used in)/ from by financing activities (C)** | **(27,512.98)** | (9,981) |

| | **Year ended 31 March 2023** | Year ended 31 March 2022 |
|---|---|---|
| **Net increase/ (decrease) in cash and cash equivalents (A+B+C)** | **(12,894.45)** | 15,313.06 |
| Cash and cash equivalents at the beginning of the year | **27,897.09** | 12,584.03 |
| **Cash and cash equivalents at the end of the year** | **15,002.64** | 27,897.09 |
| **Reconciliation of cash and cash equivalents with the Balance Sheet:** | | |
| Cash and cash equivalents | **15,002.64** | 27,897.09 |
| **Cash and cash equivalents at the end of the year** | **15,002.64** | 27,897.09 |

**Note 1:**

| | | |
|---|---|---|
| Cash and cash equivalents at the end of the year comprises: | | |
| (a) Cash in hand | **-** | - |
| (b) Balances with banks: | | |
| - in current accounts | **15,002.54** | 27,897.09 |
| **Cash and cash equivalents at the end of the year** | **15,002.64** | 27,897.09 |

**Note 2:** The above Cash Flow Statement has been prepared under the indirect method as set out in the applicable Accounting Standard [Accounting Standard - 3 on “Cash Flow Statement” specified under section 133 of the Companies Act, 2013 (“the Act”)]

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

**For APU & Company**
Chartered Accountants
Firm Registration Number : 019542N

For and on behalf of the Board of Directors of
**ALLYIS INDIA PRIVATE LIMITED**

**CA Ankur Jain**
Partner
M.No.502270
UDIN:

**Narasimham Venkata Rachakonda**
Director
DIN 00339167

**Nalin Mittal**
Director
DIN 02170896

Place : Hyderabad
Date : May 26, 2023

Place : Hyderabad
Date : May 26, 2023

Place : Hyderabad
Date : May 26, 2023

# STATEMENT OF CHANGES IN EQUITY (SOCIE)

(All amounts are in INR Thousands, unless otherwise stated)

| | Equity share Capital | | Other Equity | | Total |
|---|---|---|---|---|---|
| | Number of Shares | Amount | Capital Redemption Reserve | Retained Earnings | |
| **As at 01 April 2021** | **799,771** | **7,997.71** | **-** | **36,246.41** | **44,244.12** |
| Profit for the year | - | - | - | 35,676.64 | 35,676.64 |
| Other Comperihensive Income | - | - | - | - | - |
| Capital Redemption Reserve | - | - | 1,999.90 | - | 1,999.90 |
| Buyback of Shares | - | - | - | (8,399.87) | (8,399.87) |
| Tax on Buyback of Equity Shares | - | - | - | (1,490.94) | (1,490.94) |
| **As at 31 March 2022** | **799,771** | **7,997.71** | **1,999.90** | **62,032.24** | **72,029.85** |
| Profit for the year | - | - | - | 42,452.78 | 42,452.78 |
| Other Comperihensive Income | - | - | - | (463.31) | (463.31) |
| Dividened Paid | - | - | - | (27,192.21) | (27,192.21) |
| **As at 31 March 2023** | **799,771** | **7,997.71** | **1,999.90** | **76,829.51** | **86,827.12** |

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

**For APU & Company**
Chartered Accountants
Firm Registration Number : 019542N

For and on behalf of the Board of Directors of
**ALLYIS INDIA PRIVATE LIMITED**

**CA Ankur Jain**
Partner
M.No.502270
UDIN:

**Narasimham Venkata Rachakonda**
Director
DIN 00339167

**Nalin Mittal**
Director
DIN 02170896

Place : Hyderabad
Date : May 26, 2023

Place : Hyderabad
Date : May 26, 2023

Place : Hyderabad
Date : May 26, 2023

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in INR Thousands, unless otherwise stated)

**1 Corporate information**

Alliys India Private Limited ('the Company') is a private limited company domiciled in India. The Company is engaged in rendering Software Development Service for its associate company "Allyis INC" and "Zen3 Infosolutions America INC".

**2 Significant accounting policies**

**2.1 Basis of preparation**

These Financial Statements have been prepared to comply in all material respects with the Indian Accounting Standards ('Ind AS') as notified by the Ministry of Corporate Affairs ('MCA') under section 133 of the Companies Act, 2013 ('Act'), read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other accounting principles generally accepted in India.

The said financial statements for the year ended 31 March 2012 are the first Ind AS financial statements of the Company. The transition to Ind AS has been carried out from accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('IGAAP'), which is considered as the Previous GAAP, for purposes of Ind AS 101. For the purpose of Ind AS 101, the Company has thus provided reconciliations of total equity and total comprehensive income from financial statements under previous GAAP to Ind AS in note 30.

The adoption of Ind AS is carried out in accordance with Ind AS 101 on 01 April 2020, being the transition date. Ind AS 101 requires that all Ind AS standards that are issued and effective for the year ending 31 March 2022, be applied retrospectively and consistently for all the periods presented. However, in preparing these financial statements, the Company has availed of certain exemptions and exceptions in accordance with Ind AS 101 as explained below. The resulting difference (if any) between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP has been recognized directly in equity at the transition date. In these financial statements, the Company has presented three balance sheets - as of 31 March 2022, 31 March 2021 and 01 April 2020 (""Transition date""). The Company has also presented two statements of profit and loss, two statements of changes in equity, and two statements of cash flows for the year ended 31 March 2022 and 2021 along with the necessary and related notes. The accounting policies as set out in the following paragraphs of this note have been consistently applied by the Company to all the periods presented in these financial statements.

**2.2 Basis of Measurement**

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value (if any) at the end of each reporting period as explained in the accounting policies below. Historical cost is based on the fair value of the consideration given in exchange for goods and services.

**Fair Value Measurement**

Fair value is the price at the measurement date at which an asset can be sold or the price paid to transfer a liability in an orderly transaction between market participants.

The Company is required to classify the fair valuation method of the financial/non-financial assets and liabilities either measured or disclosed at fair value in the financial statements using a three level fair-value hierarchy (which reflects the significance of inputs used in the measurement of fair value). Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The three levels of the fair-value-hierarchy are described below:

a. Level 1- Quoted (unadjusted) prices for identical assets or liabilities in active markets.

b. Level 2 - Significant inputs to the fair value measurement are directly or indirectly observable.

c. Level 3 - Significant inputs to the fair value measurement are unobservable.

## 2.3 Financial instruments

### a. Recognition, classification and presentation

Financial instruments are recognised in the balance sheet when the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial instruments at initial recognition. The Company classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss);
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Company has classified all non-derivative financial liabilities as measured at amortised cost.

Financial assets and liabilities arising from different transactions are offset against each other and the resultant net amount is presented in the balance sheet, if and only when, the Company currently has a legally enforceable right to set-off the related recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

### b. Measurement – Non-derivative financial instruments

### I. Initial measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Other transaction costs are expensed as incurred in the statement of comprehensive income.

### II. Subsequent measurement – financial assets

The subsequent measurement of non-derivative financial assets depends on their classification as follows:

• Financial assets measured at amortised cost
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest rate (EIR) method (if the impact of discounting/any transaction costs is significant). Interest income from these financial assets is included in finance income. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

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

All equity instruments and financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (FVTOCI) are measured at FVTPL. Interest (basis EIR method) and dividend income from financial assets at FVTPL is recognised in the profit and loss within finance income separately from the other gains/ losses arising from changes in the fair value."

### III. Subsequent measurement – financial liabilities

Financial liabilities are subsequently measured at amortised cost using the EIR method (if the impact of discounting/ any transaction costs is significant).

### c. Derecognition

Financial liabilities are derecognised from the balance sheet when the underlying obligations are extinguished, discharged, lapsed, cancelled, expires or legally released. The financial assets are derecognised from the balance sheet when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The difference in the carrying amount and consideration is recognised in the statement of profit and loss."

### 2.4 Foreign currency transactions

**Functional Currency**

All the amounts included in the financial statements are reported in Indian Rupees (in thousands, except when otherwise indicated) which is also the currency of the primary economic environment in which each entity operates (i.e. 'functional currency').

**Transactions and balances**

"The transactions in foreign currencies are initially recorded at the rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing as at the reporting date with the resulting foreign exchange differences, on subsequent re-statement/settlement, recognised in the profit and loss account."

### 2.5 Current-non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is classified as current when it is expected to be realised or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading, expected to be realised within 12 months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is classified as current when it is expected to be settled in the normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period, or where there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

### 2.6 Property, plant and equipment and depreciation

An item is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. PPE is initially recognized at cost.

The initial cost of PPE comprises its purchase price (including non-refundable duties and taxes but excluding any trade discounts and rebates), and any directly attributable cost of bringing the asset to its working condition and location for its intended use.

Subsequent to initial recognition, PPE is stated at cost less accumulated depreciation and any impairment losses. When significant parts of PPE are required to be replaced at regular intervals, the Company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is derecognized from the balance sheet and cost of the new item of PPE is recognised.

The expenditures that are incurred after an item of PPE has been put to use, such as repairs and maintenance, are normally charged to the statement of profit and loss in the period in which such costs are incurred. However, in situations in which the said expenditure can be measured reliably and it is probable that future economic benefits associated with it will flow to the Company, it is included in the asset's carrying value or as a separate asset, as appropriate.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(All amounts are in INR Thousands, unless otherwise stated)

## 3 Property, Plant and Equipment

| | Computers | Office Equipment | Total |
|---|---|---|---|
| **Gross Block** | | | |
| **At 1 April 2021** | 16,409.09 | 390.17 | 16,799.26 |
| Additions | 11,864.44 | - | 11,864.44 |
| Disposals/Adjustment | 170.00 | - | 170.00 |
| **At 31st March 2022** | **28,103.52** | **390.17** | **28,493.69** |
| Additions | 12,343.85 | - | 12,343.85 |
| Disposals/Adjustment | 486.09 | - | 486.09 |
| **At 31st March 2023** | **39,961.30** | **390.17** | **40,351.46** |
| **Depreciation** | | | |
| **At 1 April 2021** | 8,419.11 | 248.20 | 8,667.31 |
| Charge for the year | 9,805.83 | 63.99 | 9,869.82 |
| Disposals/Adjustment | 86.35 | - | 86.35 |
| **At 31 March 2022** | **18,138.59** | **312.19** | **18,450.77** |
| Charge for the year | 11,151.23 | 32.13 | 11,183.35 |
| Disposals/Adjustment | 275.12 | - | 275.12 |
| **At 31 March 2023** | **29,014.69** | **344.31** | **29,359.00** |
| **Net Block** | | | |
| At 31 March 2022 | **9,964.94** | **77.98** | **10,042.92** |
| At 31 March 2023 | **10,946.61** | **45.86** | **10,992.46** |

## 4 Leases

**Right of use assets**

| | Building | Total |
|---|---|---|
| **Gross Block** | | |
| **At 1 April 2021** | - | - |
| Additions | | |
| **At 31st March 2022** | - | - |
| Additions | 6,423.45 | 6,423.45 |
| **At 31st March 2023** | **6,423.45** | **6,423.45** |
| Depreciation | | |
| **At 1 April 2021** | - | - |
| Charge for the year | - | - |
| At 31 March 2022 | - | - |
| Charge for the year | 1,889.25 | 1,889.25 |
| **At 31 March 2023** | **1,889.25** | **1,889.25** |

**Right of use assets**

| | Building | Total |
|---|---|---|
| **Net Block** | | |
| At 31 March 2022 | - | - |
| At 31 March 2023 | **4,534.20** | **4,534.20** |

**Lease Liabilities**

**Current**

| | 31/03/2023 | 31/03/2022 |
|---|---|---|
| Lease Liabilities | 4,652.35 | - |
| **Total** | **4,652.35** | **-** |
| **Maturity Analysis** | 31/03/2023 | 31/03/2022 |
| Less than one year | **4,772.40** | **-** |
| Beyond One year | - | - |
| | 4,772.40 | - |
| Amount recognised in Profit or loss account | | |
| Interest on Lease Liabilities | 217.40 | - |
| Depriciation on ROU | 1,889.25 | - |
| Short Term Leases | 9,693.75 | 13,959.00 |
| | **11,800.40** | **13,959.00** |

**5 Intangible Assets**

| | Computer Software | Total |
|---|---|---|
| **Gross Block** | | |
| **At 1 April 2021** | 457.20 | 457.20 |
| Additions | - | - |
| Disposals/Adjustment | - | - |
| **At 31st March 2022** | **457.20** | **457.20** |
| Additions | 34.40 | 34.40 |
| Disposals/Adjustment | - | - |
| **At 31st March 2023** | **491.60** | **491.60** |
| **Depreciation** | | |
| **At 1 April 2021** | 410.46 | 410.46 |
| Charge for the year | 16.77 | 16.77 |
| Disposals/Adjustment | - | - |
| **At 31 March 2022** | **427.23** | **427.23** |
| Charge for the year | 14.38 | 14.38 |
| Disposals/Adjustment | - | - |
| **At 31 March 2023** | **441.61** | **441.61** |
| **Net Block** | | |
| At 31 March 2022 | 29.97 | 29.97 |
| At 31 March 2023 | 49.99 | 49.99 |

**6 Deferred tax liabilities/assets**

| | As at 31 March 2023 | Charge (/credit) to Profit & Loss Account | As at 31 March 2022 |
|---|---|---|---|
| **Deferred tax liabilities on:** | | | |
| Deferred tax in realtion to Property, Plant and Equipment | - | - | - |
| **Total deferred tax liability** | **-** | **-** | **-** |
| **Deferred tax assets on:** | | | |
| Deferred tax in realtion to Property, Plant and Equipment | 1,222.86 | (387.43) | 835.43 |
| Deferred tax in relation to ROU and Lease Liability | 29.74 | (29.74) | - |
| **Total deferred tax assets** | **1,252.60** | **(417.16)** | **835.43** |

**7 Other financial Assets : Non-Current**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **(Unsecured and considered good, unless otherwise stated)** | | |
| Security Deposit | **19.02** | 7,508.89 |
| | **19.02** | 7,508.89 |

**8 Trade receivables : Current**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Unsecured, Considered Good | **47,857.59** | 30,386.34 |
| | **47,857.59** | 30,386.34 |

**9 Cash and cash equivalents: Current**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Balance with banks | | |
| In current account | **15,002.54** | 27,897.09 |
| Fixed Deposits | **30,010.00** | - |
| | **45,012.54** | 27,897.09 |

**10 Other Financial Assets : Current**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| (Unsecured, considered good unless otherwise stated) | | |
| Interest Accured | **139.84** | - |
| | **139.84** | - |

**11 Other Current Assets : Current**

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| (Unsecured, considered good unless otherwise stated) | | |
| Prepaid expenses | **476.57** | 268.73 |
| Loans & advances to employees | **482.08** | 194.76 |
| Loans & advances to Suppliers | **307.86** | 3,028.22 |
| Balances with government authorities | **6,137.09** | 4,523.42 |
| | **7,403.61** | 8,015.12 |

**12 Share Capital**

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| **Authorised** | **Number of shares** | **Amount** | **Number of shares** | **Amount** |
| **Equity shares of Rs. 10 each.** | **2,000,000** | **20,000.00** | 2,000,000 | 20,000.00 |
| | **2,000,000** | **20,000.00** | 2,000,000 | 20,000.00 |
| **Issued, subscribed and fully paid up** | | | | |
| Equity shares of Rs. 10 each | | | | |
| At the beginning of the year | **799,771** | **7,997.71** | 999,770 | 9,997.70 |
| Buy Back of shares during the year | **-** | **-** | 199,999 | 1,999.99 |
| **At the end of the year** | **799,771** | **7,997.71** | 799,771 | 7,997.71 |

**12 (a) Right preferences and restrictions attached to equity shares**

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regards to dividends and share the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. An equity shareholder present in person shall have right to one vote in case of voting by show of hand. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company in accordance with Articles of Association of the Company (as may be in force).

**12 (b) Shares held by holding company**

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | **Number of shares** | **Amount** | **Number of shares** | **Amount** |
| Equity shares of Rs. 10 each fully paid up held by | | | | |
| Allyis Inc., the holding company | - | - | - | - |
| Tech Mahindra Limited | 799,770 | 7,998 | 799,770 | 7,998 |

**12 (c) Particulars of shareholders holding more than 5% shares of the Company**

| | **Number of shares** | **% holding in the class** | **Number of shares** | **% holding in the class** |
|---|---|---|---|---|
| Equity shares of Rs.10 each fully paid up held by | | | | |
| Tech Mahindra Limited | 799,770 | 100.00% | 799,770 | 100.00% |
| | 799,770 | 100.00% | 799,770 | 100.00% |

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

## 13 Other Equity

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Capital Redemption Reserve** | | |
| At the commencement of the year | **-** | - |
| Add: Additions During the year | **1,999.90** | 1,999.90 |
| **Balance at the end of the year** | **1,999.90** | 1,999.90 |
| **Retained Earnings** | | |
| At the commencement of the year | **62,032.24** | 36,246.41 |
| Add: Profit/(loss) for the year | **42,452.78** | 35,676.64 |
| Less:- Other comperihensive income for the year | **463.31** | - |
| Less:- Dividened Paid | **27,192.21** | - |
| Less:- Buyback of Shares | **-** | 8,399.87 |
| Less:- Tax on Buyback of Equity Shares | **-** | 1,490.94 |
| **Balance at the end of the year** | **76,829.51** | 62,032.24 |
| **Total reserves and surplus** | **78,829.41** | 64,032.14 |

## 14 Provisions : Non-Current

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Provision for Leave Encashment | **5,469.83** | 3,215.48 |
| Provision for Gratuity | **7,362.14** | 4,042.46 |
| | **12,831.97** | 7,257.94 |

## 15 Trade payables : Current

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Total outstanding dues to micro and small enterprises | **-** | - |
| Total outstanding dues to creditors other than micro and small enterprises | **2,802.62** | 216.77 |
| | **2,802.62** | 216.77 |

## 16 Other Financial Liabilities : Current

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Salary Payable | **1,708.41** | 182.41 |
| Expenses payables | **528.50** | 606.58 |
| | **2,236.91** | 788.99 |

## 17 Provisions : : Current

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Provision for Leave Encashment | **1,046.75** | 599.27 |
| Provision for Gratuity | **385.74** | 227.58 |
| | **1,432.48** | 826.86 |

**18 Other current liabilities : Current**

| | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|
| Statutory dues payable | **5,308.58** | 3,359.71 |
| | **5,308.58** | 3,359.71 |

**19 Revenue from operations**

| | **For the year ended 31 March 2023** | For the year ended 31 March 2022 |
|---|---|---|
| Sale of services | **450,117.67** | 372,538.20 |
| | **450,117.67** | 372,538.20 |

**20 Other income**

| | **For the year ended 31 March 2023** | For the year ended 31 March 2022 |
|---|---|---|
| Interest Income | **188.66** | - |
| Foreign Exchange Fluctuation Gain (Net) | **1,532.86** | 1,094.20 |
| Short & Excess | **0.47** | 10.36 |
| | **1,721.98** | 1,104.56 |

**21 Employee benefits expense**

| | **For the year ended 31 March 2023** | For the year ended 31 March 2022 |
|---|---|---|
| Salaries and Wages | **335,346.70** | 282,074.04 |
| Gratuity and Leave Encashment | **8,235.74** | 1,000.16 |
| PF Expenses (Employer) | **15,280.55** | 8,509.23 |
| Labour Welfare Fund | **-** | 2.88 |
| Employees Health Insurance Premium | **4,284.45** | 2,254.74 |
| Staff Welfare | **224.26** | 121.64 |
| | **363,371.70** | 293,962.69 |

**22 Finance costs**

| | **For the year ended 31 March 2023** | For the year ended 31 March 2022 |
|---|---|---|
| Bank Charges | **103.37** | 89.92 |
| Interest on lease liabilties | **217.40** | - |
| | **320.77** | 89.92 |

**23 Depreciation and amortisation**

| | **For the year ended 31 March 2023** | For the year ended 31 March 2022 |
|---|---|---|
| Depreciation of property, plant and equipment and ROU (refer note 3 and 4) | **13,072.60** | 9,869.82 |
| Amortisation of intangible assets (refer note 12) | **14.38** | 16.77 |
| | **13,086.98** | 9,886.59 |

**24 Other expenses**

| | **For the year ended 31 March 2023** | For the year ended 31 March 2022 |
|---|---|---|
| Communication Expense | **300.88** | 424.74 |
| Balance Written off | **1,414.95** | - |
| Duties and Taxes | **97.46** | 147.58 |
| Legal and Professional Charges* | **2,896.35** | 4,891.15 |
| Local Conveyance & Travelling Expense | **153.92** | 11.00 |
| Loss by Employee | **-** | 13.65 |
| Loss of Assets | **6.96** | - |
| Office Expenses | **153.79** | 167.07 |
| Printing, Stationery & Courier | **393.49** | 237.38 |
| Professional Tax | **2.50** | 2.50 |
| Referal Bonus | **45.00** | 15.00 |
| Rent | **9,693.75** | 13,959.00 |
| Repair and Maintiance - Computers | **546.53** | 321.25 |
| Security Guard Expense | **259.70** | 412.30 |
| Shops & Establishment Fees | **30.62** | 21.41 |
| STPI Service Charges | **250.00** | 250.00 |
| Training and Development | **30.00** | 227.15 |
| | **16,275.90** | 21,101.18 |
| *** Payments to auditors** | | |
| As Auditor | | |
| Statutory audit | **50.00** | 25.00 |
| Other services | **50.00** | 25.00 |
| Reimbursement of expenses | **-** | - |
| | **100** | 50 |

**25 Earnings per share**

The calculation of Earnings per Share (EPS) as disclosed in the Statement of Profit and Loss has been made in accordance with Accounting Standard (AS)-20 on "Earnings Per Share".

A statement of calculation of EPS is given below:

| **Particulars** | **For the year ended 31 March 2023** | For the year ended 31 March 2022 |
|---|---|---|
| Profit/ (Loss) after tax | **42,452.78** | 35,676.64 |
| Net profit attributable to equity shareholders for calculation of basic EPS | **42,452.78** | 35,676.64 |
| Weighted average number of equity shares outstanding during the year for calculation of basic EPS | **799,771** | 854,565 |
| **Basic earning per share** | **53.08** | 41.75 |
| **Diluted earning per share*** | **53.08** | 41.75 |

**26 Earnings in foreign exchange (accrual basis)**

| | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Export of Services | **450,117.67** | 372,538.20 |
| | **450,117.67** | 372,538.20 |

**27 Related party disclosures (As per Accounting Standard 18- Related party disclosures)**

**(A) Names of related parties and related party relationship**

**(i) Related parties where control exists**

| Name of related parties | Relationship |
|---|---|
| Tech Mahindra Limited | Holding Company |

**(ii) Related parties where control with whom transactions has taken place**

| Name of related parties | Relationship |
|---|---|
| Tech Mahindra Limited | Holding Company |
| Allyis Inc | Associated Enterprises |
| Zen3 Infosolutions America Inc | Associated Enterprises |

**(iii) Key management personnel**

a) Narasimham Venkata Rachakonda (Director)
b) Nalin Mittal (Director)

**(B) Transactions with related parties:**

| Particulars | Name of related party | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|---|
| Income from Services Rendered | Allyis Inc (USA) | **443,335.71** | 372,538.20 |
| Income from Services Rendered | Zen3 Infosolutions America Inc | **6,781.96** | - |
| Lease Rent of Office Space | Tech Mahindra Limited | **1,988.50** | - |

**(C) Balances from Related Parties**

| Particulars | Name of related party | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| Trade Receivables | Allyis Inc (USA) | **47,044.16** | 30,386 |
| Trade Receivables | Zen3 Infosolutions America Inc | **813.43** | - |
| Expense Payable | Tech Mahindra Limited | **2,147.58** | - |

**28 Disclosure pursuant to Ind AS 19 on “Employee Benefits”**

**(i) Defined contribution plans**

An amount of Rs. 1,405.15 thousand (previous year Rs. 811.77 thousand) for the year, have been recognized as expenses in respect of the Company’s contributions to Provident Fund deposited/ provisioned for with the government authorities and have been included under “Employee benefits expenses.

**(ii) Defined benefit plans**

Gratuity is payable to all eligible employees of the Company on superannuation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act or as per the Company's Scheme, whichever is more beneficial. The following table sets forth the status of the gratuity plan of the Company and the amounts recognised in the Balance Sheet and Statement of Profit and Loss:

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Changes in present value of obligation** | | |
| Present value of obligation as at the beginning of the year | **4,270.04** | 2,568.06 |
| Interest cost | **298.05** | 165.13 |
| Current service cost | **3,152.42** | 1,848.66 |
| Benefits paid | **(435.94)** | - |
| Actuarial loss/(gain) on obligation | **463.31** | (311.80) |
| **Present value of obligation as at the end of the year** | **7,747.87** | 4,270.04 |
| Short term | **385.74** | 227.58 |
| Long term | **7,362.14** | 4,042.46 |

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| **Expenses recognized in the Statement of Profit and Loss** | | |
| Current service cost | **2,689.12** | 1,848.66 |
| Interest cost on benefit obligation | **298.05** | 165.13 |
| Net actuarial loss/(gain) recognised in the year | **463.31** | (311.80) |
| **Expenses recognised in the Statement of Profit and Loss** | **3,450.47** | 1,701.98 |

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

| Particulars | For the year ended 31 March 2023 | For the year ended 31 March 2022 |
|---|---|---|
| Discount rate | **7.42%** | - |
| Salary escalation rate (per annum) | **8.00%** | - |
| Attrition Rate | **14-17%** | - |
| Mortality rate | **IALM (2012-14)** | |

Discount rate: The discount rate is estimated based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligation.

Salary escalation rate: The estimates of salary increases, considered in actuarial valuation, take account of inflation, promotion and other relevant factors.

**Experience adjustment:**

| Particulars | As at 31 March 2020 | As at 31 March 2021 | As at 31 March 2022 | **As at 31 March 2023** |
|---|---|---|---|---|
| Plan projected benefit obligation (PBO) | - | - | 4,270.04 | **7,747.87** |
| Plan assets | - | - | - | **-** |
| Net liability | - | - | (4,270.04) | **(7,747.87)** |
| Experience adjustment on PBO-Gain (Loss) | - | - | - | **-** |

**29 Ratios**

| | | Numerator | Denominator | Unit | For the year ended 31 March 2023 | For the year ended 31 March 2022 | % variance | Reason for Variance |
|---|---|---|---|---|---|---|---|---|
| **i)** | **Current ratio** | Current assets | Current liabilities | Times | 5.70 | 12.21 | -53.30% | (refer note 6 below) |
| **ii)** | **Debt- Equity ratio** | Total debt (refer note 1 below) | Shareholder’s Equity | Times | 0.05 | NA | - | |
| **iii)** | **Debt Service Coverage ratio** | Earnings for debt service = Net profit after taxes + Non-cash operating expenses (refer note 2 below) | Debt service (refer note 3 below) | Times | 20.15 | NA | - | |
| **iv)** | **Return on equity ratio** | Net profits after taxes – preference dividend | Average shareholder’s equity | % | 13.36% | 15.08% | -11.41% | |
| **v)** | **Inventory turnover ratio** | Cost of goods sold | Average inventory | Times | NA | NA | - | |
| **vi)** | **Trade receivable turnover ratio** | Net credit sales = gross credit sales -sales return | Average trade receivable | Times | 2.88 | 3.67 | -21.63% | |
| **vii)** | **Trade payable turnover ratio** | Net credit purchases = gross credit purchases - purchase return | Average trade payables | Times | NA | NA | - | |
| **viii)** | **Net capital turnover ratio** | Net sales = total sales - sales return | Working capital = Current assets – Current liabilities | Times | 5.44 | 6.12 | -11.19% | |
| **ix)** | **Net profit ratio** | Net profit | Net sales = total sales - sales return | % | 9.43% | 9.58% | -1.52% | |
| **x)** | **Return on Capital Employed** | Earnings before interest and taxes (refer note 4 below) | "Capital Employed (refer note 5 below)" | % | 0.64 | 0.67 | -4.85% | |
| **xi)** | **Return on investment** | Interest (Finance Income) | Average investment | % | 0.63% | NA | | |
| **x)** | **Return on Capital Employed** | Earnings before interest and taxes (refer note 4 below) | Capital Employed (refer note 5 below) | % | 0.64 | 0.67 | -4.85% | |
| **xi)** | **Return on investment** | Interest (Finance Income) | Average investment | % | 0.63% | NA | | |

Notes:

1 Total debts consists of borrowings including interest and lease liability

2 Earning available for debt services=profit for the year + depreciation, amortization and impairment + finance cost + provision for doubtful debts + share based payment to employees + exceptional items.

3 Debt service = Interest + payment for lease liabilities + principal repayments

4 Earnings before interest and taxes = profit before tax + finance cost - other income

5 Capital Employed = Average tangible net worth + Total debt + Deferred tax

6 Current ratio in the current year has been changed from 12.21 in previous year to 5.70 in current year due to increase in lease liabilities and other liabilities during the year.

**30 Other statutory informations**

i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

ii) The Company do not have any transactions with companies struck off.

iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

iv) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

v) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

vii) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

viii) The company does not have any sanctioned working capital amounts from banks on the basis of security of current assets.

ix) The company has not been declared as wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

**31 Previous year figures**

Previous year figures have been regrouped/reclassified, wherever necessary to conform to this year's classification.

| | | |
|---|---|---|
| **For APU & Company**<br>Chartered Accountants<br>Firm Registration Number : 019542N | For and on behalf of the Board of Directors of<br>**ALLYIS INDIA PRIVATE LIMITED** | |
| **CA Ankur Jain**<br>Partner<br>M.No.502270<br>UDIN: | **Narasimham Venkata Rachakonda**<br>Director<br>DIN 00339167 | **Nalin Mittal**<br>Director<br>DIN 02170896 |
| Place : Hyderabad<br>Date : May 26, 2023 | Place : Hyderabad<br>Date : May 26, 2023 | Place : Hyderabad<br>Date : May 26, 2023 |

# BEGIG PRIVATE LIMITED

**Board of Directors**
Mr. Harshvendra Soin, Director
Mr. Kunal Purohit, Director (w.e.f June 23, 2022)

**Auditors**
M/s. P A S & Company, Chartered Accountants
815, GD ITL Tower, B-8, Netaji Subhash Palace,
Ring Road, Pitampura, Delhi-110034

**Bankers**
CITI Bank Limited

**Registered Office**
7th Floor, Capital Cyberscape, Sector-59, Golf
Course Extension Road, Gurugram, Haryana-122102

# DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Second Annual Report with the audited financial statements of the Company for the financial year ended March 31, 2023.

**FINANCIAL SUMMARY/ HIGHLIGHTS:** **Figures in Rs. 000's**

**(Amount in Rs.000's except equity share and per equity share data)**

| **FINANCIAL RESULTS** | **2022-23** | 2021-22 |
|---|---|---|
| Total Income | **51,144** | 28,305 |
| Profit/ (Loss) before Depreciation & Taxation | **(38,835)** | (22,767) |
| (-) Depreciation | **1,986** | 710 |
| Exceptional items: | | |
| (+) Additional consideration on sale of subsidiary | **0** | 0 |
| (+) Profit on sale of investment in subsidiary | **0** | 0 |
| (-) Provision for impairment | **0** | 0 |
| Profit/(Loss) before Taxation | **(40,821)** | (23,477) |
| (-) Provision for Income Tax | | |
| (-) Deferred Tax Reversal /(charge) | **(10,239)** | (5,883) |
| Profit/(Loss) for the period | **(30,472)** | (17,594) |
| EPS Basic (Rs.) | **(10.16)** | (7.35) |
| EPS Diluted (Rs.) | **(10.16)** | (7.35) |

**BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR/STATE OF COMPANY'S AFFAIRS (Figures in Rs. 000's)**

Total Income for the year 2022-23 is Rs. 51,144/- as against Rs. 28,305/- in previous year.

Begig being wholly owned subsidiary of Tech Mahindra Limited, provides freelance marketplace that connects top tech talent with top companies, revolutionizing the gig economy.

Our Vision is to build the world's largest global ecosystem for tech freelancers and businesses, bridging the technological skills gap in all industries. We aspire to develop a tech community for the future by delivering experienced and vetted tech people as well as high-budget gigs with top companies through our ecosystem.

Our Mission is to transform the way tech freelancers get work, earn more money, and grow by providing exclusive rewards. With our hand-picked, premium talent pool of qualified technologists, we help businesses save time and money.

Currently Begig has a pre-vetted pool of new age tech skills that caters to our client requirements. The talent pool consists of freelancers (fulltime and part-time) that go through multiple stages of evaluation before becoming a freelancer on our platform- including skill tests, past experiences and communication skills. Our value proposition is on-demand tech talent that can be hired within 48 hours with a very transparent pricing structure. At the moment, both our demand and supply is based in India.

Our future plan is to expand worldwide in the next 2-3 years. Our Target market for freelancers is South Asia & eastern Europe & USA, Europe & Australia for Enterprises. Also, we are focusing towards creating facilities for code repositories, GDPR compliance, cyber security & smart contracts for transactions.

Begig has a diversified team of very talented people with innovative & self-driven mindset from top colleges with managerial and entrepreneurial backgrounds. Everyone in the team is multi-talented, working cross functionally and growing together.

**CHANGE IN THE NATURE OF BUSINESS, IF ANY-**

There is no change in the nature of the business of the Company during the Financial Year 2022-23.

**DIVIDEND AND TRANSFER TO RESERVES**

Since the operations during the year resulted in net loss, declaration of dividend or transfer to general reserves did not arise.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAS OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENT RELATES AND THE DATE OF THE REPORT

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the financial statement relates and the date of the report.

**DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES**

As on March 31, 2023, the Company does not have any subsidiary/Joint Venture/Associate company.

**DEPOSITS**

Company has not accepted any deposits from the public and is therefore not required to furnish information in respect of outstanding deposits under Chapter V of the Companies Act, 2013.

**STATUTORY AUDITORS**

P A S & Company, Chartered Accountants, was appointed as Statutory Auditor of the Company by the shareholders of the Company in first Annual General Meeting held on July 19, 2022 to hold the office from the conclusion of first Annual General Meeting, until the conclusion of the Sixth Annual General Meeting of the Company for the Financial Year 2026-27

**AUDITOR’S REPORT**

There are no qualifications, reservation or adverse remark or disclaimer made in the audit report for the Financial Year 2022-23 by M/s. P A S & Company, Statutory Auditors.

There are no frauds reported by the auditors under sub-section (12) of section 143 of the Companies Act, 2013.

**SHARE CAPITAL**

During the year the Authorized share capital of the Company was Rupees Six Crores (6,00,00,000) divided into Sixty Lakhs (60,00,000) Equity Shares of Rupees Ten (10) each. However, shareholders in Extra Ordinary Meeting called on shorter notice held on March 31, 2023 increased the authorised share capital of the Company to Rupees Eight Crores (8,00,00,000) divided into Eighty Lakhs (80,00,000) Equity Shares of Rupees Ten (10) each.

As on March 31, 2023, the issued and paid-up share capital of the Company is Rupees Three Crores (3,00,00,000) divided into Thirty Lakhs (30,00,000) Equity Shares of Rupees Ten (10) each.

**EMPLOYEES STOCK OPTION PLANS**

Company has no ESOP Schemes implemented for the employees as on the date of this Report.

**ANNUAL RETURN**

Pursuant to the provisions of Section 92(3) read with Section 134(3) (a) of the Companies Act, 2013, the Annual Return in Form MGT-7 is available at: https://www.begig.io/

**NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

During the year, the Board of Directors met five (5) times on May 10, 2022, June 03, 2022, June 24, 2022, September 30, 2022 and January 23, 2022 and the notices convening meeting of the Board were duly sent to all the Directors.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO UNDER SECTION 134(3)(m)

**(A) CONSERVATION OF ENERGY**

(i) The steps taken or impact on conservation of energy:

The Company does not have huge consumption of energy as it is not into manufacturing activity. However, effort have been made to conserve and optimise the use of energy through improved operational methods like maximum use of skylight and other energy saving devices wherever possible.

(ii) The steps taken by the Company to utilize alternate sources of energy:

As Company has taken all their premises on lease, alternate source of energy could not be installed.

(iii) The capital investment on energy conservation equipment:

There is no capital investment on energy conservation equipment.

**(B) TECHNOLOGY ABSORPTION**

(i) The efforts made towards technology absorption

All the commercial activities being carried out by the Company are neither owned by it nor it will create any intellectual property rights out of any deliverables.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution;

The Company is constantly acquiring new hardware and software solutions and upgrading its existing hardware and software to provide more and better services to its customers.

(iii) In case of imported technology (Imported during last three years reckoned from the beginning of the Financial Year)

Company has not imported technology during the two financial years.

**(C) FOREIGN EXCHANGE EARNINGS & OUTFLOWS (Figures in Rs. 000's)**

During the financial year 2022-23, the Company has no Foreign Exchange earnings however, the Foreign Exchange Outflows (on actual basis) during the year was Rs. 466.

**DIRECTORS**

**A. Changes in Directors and Key Managerial Personnel (KMP)**

In accordance with the provisions of Section 152(6)(c) of the Companies Act, 2013, Mr. Harshvendra Soin (DIN: 02917590), Non-Executive Director, is liable to retire by rotation and being eligible offered for re-appointment. The Board recommends his re-appointment in the ensuing Annual General Meeting.

During the Financial Year 2022-23, Mr. Kunal Purohit (DIN: 09650373) was appointed as an Additional Director of the Company with effect from June 23, 2022 and regularized as Director of the Company, liable to retire by rotation, at the first Annual General Meeting of the Company held on July 19, 2022.

Mr. Shresth Shrivastav (DIN: 09156107) resigned from the position of Whole-time Director of the Company with effect from August 01, 2022 and continued as Non-Executive Director of the Company. Subsequently, Mr. Shresth Shrivastav resigned from the office of Director of the Company with effect from March 14, 2023.

| Directors | Board Meeting Attended |
|---|---|
| Harshvendra Soin | 4 |
| Shresth Shrivastav* | 5 |
| Kunal Purohit** | 2 |
| Chethan Prabhudeva*** | 2 |

*resigned with effect from March 14, 2023

**appointed with effect from June 23, 2022

***resigned with effect from June 13, 2022

**B. Declaration by an Independent Director(s)**

The Company is not required to appoint independent director as per section 149 of the Companies Act, 2013.

**C. Commission paid to Managing Director or Directors of the Company**

During the year under review, none of the Directors are not entitled to any Commission.

**D. Formal Annual Evaluation**

The provisions of Section 178 are not applicable to the Company. Hence, details of performance evaluation are not offered.

**E. Policy for selection and appointment of Directors, KMP and their remuneration**

The Company is not required to maintain Nomination and Remuneration Policy as provided under section 178(3) of the Companies Act, 2013

**PARTICULARS OF EMPLOYEES u/s 197(12) OF THE COMPANIES ACT, 2013 r/w RULE 5(2) & 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

As per the provisions of this section the same is not applicable to the Company.

**BOARD COMMITTEES**

The Company is not required to constitute any Committees including Corporate Social Responsibility Committee, Audit Committee and Nomination and Remuneration Committee under the applicable provisions of Companies Act, 2013.

**POLICY TO PREVENT AND DEAL WITH SEXUAL HARASSMENT**

The Company has adopted policy to Prevent & Deal with Sexual Harassment at workplace is in place as per the "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013".

During the year under report, there was no complaint which was received by the ICC.

The Company has complied with provisions of Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 relating to the constitution of Internal Complaints Committee.

**DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES**

The provisions of vigil mechanism are not applicable to the Company.

**RISK MANAGEMENT POLICY**

Company manages monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company's management system, organizational, structure, processes, standards, code of conduct and behaviors together form the risk management matrix that govern how the Company conducts the business and manages associated risks.

Company has introduced several improvements to integrated Enterprise Risk Management, Internal Controls Management and Assurance Framework and Processes to drive a common integrated view of risks, optimal risk mitigation responses and efficient management of internal control and assurance activities. This integration is enabled by fully aligned across Companywide risk management, internal control and internal audit methodologies and process.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 AS ON MARCH 31, 2022**

During the financial year 2022-23, the Company did not grant any loan, guarantees or made any investment under section 186 of the Companies Act, 2013.

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

The Company has not entered into any contracts or arrangements with related parties which require disclosure in Form AOC-2 pursuant to the provisions of Section 188 of Companies Act, 2013 read with the rules made thereunder. Hence, Form AOC-2 is not applicable to the Company for the Financial Year 2022-23. All the transactions entered with related parties during the Financial ear 2022-23 were on arm's length basis and in ordinary course of business of the Company.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

There is no significant and material order passed by the regulators or courts or tribunals impacting going concern status and Company's operations.

**PROCEEDINGS UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016**

There are no proceedings pending under the Insolvency and Bankruptcy Code, 2016.

**VALUATION OF ASSETS**

The provisions of Section 134(3)(q) read with Rule 8(5)(xii) of the Companies (Accounts) Rules, 2014 are not applicable on the Company as it has not taken any valuation of assets for the given purpose.

**DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIALS CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The Company has internal financial controls which are adequate and were operating effectively. The controls are adequate for ensuring the orderly & efficient conduct of the business, including adherence to the Company's policies, the safeguarding of assets, the prevention & detection of frauds & errors, the accuracy & completeness of accounting records and timely preparation of reliable financial information.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under section 134(3)(c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is confirmed:

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for that period;

(c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The Directors had prepared the annual accounts on a going concern basis; and

(e) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING THE PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR**

During the period under review, the Company is not required to appoint any Independent Director therefore, the requirement to provide a statement in this regard is not required.

**COST RECORDS**

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148 (1) of the Companies Act, 2013 are not applicable for the business activities of the Company.

**COMPLIANCE WITH SECRETARIAL STANDARDS**

The Company has complied with the applicable Secretarial Standards.

**ACKNOWLEDGEMENT**

Your Directors on behalf of the Company and management express their gratitude for the co-operation and support received from Customers, Vendors, Shareholders, Bankers, various agencies and Government departments both State and Central Governments.

The Directors also place on record their appreciation for the true team spirit, valued contributions and efforts put in by the employees at all levels.

For and on behalf of
Begig Private Limited

| | |
|---|---|
| **Harshvendra Soin** | **Kunal Purohit** |
| Director | Director |
| DIN: 02917590 | DIN: 02917590 |

**Date**: May 29, 2023
**Place**: Gurugram

# INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF BEGIG PRIVATE LIMITED**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of BEGIG PRIVATE LIMITED (the "Company"), which comprise the Balance Sheet as at March 31, 2023, 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 a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

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 other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and its loss, other comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SA"s) 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 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 financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Emphasis of Matters**

**1. Material Uncertainty Related to Going Concern**

**We draw attention to Note No: 41 in the Notes to the financial statements:**

The Company has accumulated losses and its net worth has been fully eroded. The Company has incurred a net loss of Rs. (In 000's) 30472 during the current year (Previous Year – Rs. (In 000's) 17594) and, the Company's current liabilities exceeded its current assets as at the balance sheet date, due to which the Company may be unable to discharge its liabilities in the normal course of business. This condition indicates the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons in the said Note No: 41 in the Notes to the financial statements by the Management.

Our opinion is not qualified in respect of these matters

**Other Information**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Director's Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the 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 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. We have nothing to report in this regard

**Management's Responsibilities for the 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 financial statements that give a true and fair view of the financial position, financial performance, including other 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial 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 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 the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit 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 except information which is contained in the electronic records is complete but possible to be altered.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e) The going concern matter described in paragraph under Point 1 of Emphasis of Matters above, in our opinion, may have an adverse effect on the functioning of the Company.

f) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.

h) With respect to the matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act read with Schedule V to the Companies Act, 2013.

   i) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position

   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.

   iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

   (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

   (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under(a)and (b) above, contain any material misstatement

   v. During the year, Company did not declare or paid any Dividend.

   vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

**For P A S & Company**
Chartered Accountants
(Firm's Registration No. 019679N)

**Ankur Garg**
Partner
(Membership No.522582)
UDIN:

Place: Delhi
Date:

# ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of BeGig Private Limited of even date)**

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

i. In respect of Property, Plant and Equipment:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) Property, Plant and Equipment were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company does not have any immovable properties.

(d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii. (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.

(b) The Company has not been sanctioned any working capital limits, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.

iii. The Company has not made any Investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties, during the year hence reporting under clause 3(iii) of the Order is not applicable.

iv. The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.

v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.

vi. The maintenance of cost records has not been specified by the Central Government under sub- section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause 3(vi) of the Order is not applicable to the Company.

vii. In respect of statutory dues:

(a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

(b) According to records of the Company, there are no statutory dues as referred to in sub-clause (a) above, which have not been deposited on account of any dispute.

viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix. (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix) of the Order is not applicable.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short- term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures

(f) The Company has not raised any loans during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable.

x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

xi. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

(c) As informed to us, no whistle blower complaints have been received by the Company during the year (and up to the date of this report). Hence reporting under clause 3(xi)(c) of the Order is not applicable

xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. The company is not required to have internal audit system under section 138 of the Companies Act, 2013 hence reporting under clause 3(xiv) of the Order is not applicable

xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.

(b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

xvii. The Company has incurred cash losses during the financial year covered by our audit amounting to Rs. (In 000's) 38835 and in the immediately preceding financial year Rs. (In 000's) 22768.

xviii. There has been no resignation of the statutory auditors of the Company during the year.

xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due. (Also refer the going concern matter described in paragraph under Point 1 of Emphasis of Matters in our report).

xx. The company is not required to spend in pursuance of its Corporate Social Responsibility under section 135 of the Companies Act, 2013. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

**For P A S & Company**
Chartered Accountants
(Firm's Registration No. 019679N)

**Ankur Garg**
Partner
(Membership No.522582)
UDIN:

Place: Delhi
Date:

# BALANCE SHEET AS AT MARCH 31, 2023

**(Amount in Rs. 000's)**

| Particulars | Note No. | **Amount As At 31/03/2023** | Amount As At 31/03/2022 |
|---|---|---|---|
| **I. ASSETS** | | | |
| **A. Non-Current Assets** | | | |
| a. Property, Plant and Equipment | 3 | **898** | 865 |
| b. Other Intangible Assets | 4 | **2653** | 4244 |
| c. Deferred tax assets (net) | 5 | **16122** | 5883 |
| **Total Non-Current Assets** | | **19673** | 10992 |
| **B. Current Assets** | | | |
| a. Financial Assets | | | |
| i. Trade Receivables | 6 | | |
| Billed | | **0** | 1580 |
| Unbilled | | **0** | 1911 |
| ii. Cash and Cash Equivalents | 7 | **4290** | 618 |
| iii. Other Financial Assets | 8 | **405** | 372 |
| b. Current Tax Assets (Net) | 9 | **14244** | 2435 |
| c. Other Current Assets | 10 | **10336** | 1156 |
| **Total Current Assets** | | **29274** | 8072 |
| **Total Assets** | | **48947** | 19064 |
| **II. EQUITY AND LIABILITIES** | | | |
| **A. Equity** | | | |
| a. Equity Share Capital | 11 | **30000** | 30000 |
| b. Other Equity | 12 | **-48066** | -17594 |
| **Total Equity** | | **-18066** | 12406 |
| **B. LIABILITIES** | | | |
| **1. Non-Current Liabilities** | | | |
| (a) Provisions | 13 | **331** | 109 |
| **Total Non - Current Liabilities** | | **331** | 109 |

**(Amount in Rs. 000's)**

| Particulars | Note No. | **Amount As At 31/03/2023** | Amount As At 31/03/2022 |
|---|---|---|---|
| **2. Current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Trade payables | 14 | | |
| (A) Dues of micro and small enterprises | | **7856** | 2823 |
| (B) Dues of creditors other than micro and small enterprises | | **4217** | 2551 |
| (ii) Other Financial Liabilities | 15 | **1108** | 0 |
| (b) Other Current Liabilities | 16 | **53477** | 1176 |
| (c) Provisions | 17 | **23** | 0 |
| **Total Current Liabilities** | | **66682** | 6549 |
| **Total Equity and Liabilities** | | **48947** | 19064 |
| See accompanying notes forming part of financial statements | 1-56 | | |

As per our report of even date attached

**For P A S & Company**
**Chartered Accountants**
Firm Registration Number: 019679N

For and on behalf of the Board of Directors of
**BeGig Private Limited**

**Ankur Garg**
Partner
Membership Number: 522582
Place: Delhi
Date:

**HARSHVENDRA SOIN**
Director
DIN: 02917590
Place:
Date:

**KUNAL PUROHIT**
Director
DIN: 09650373
Place:
Date:

# STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2023

**(Amount in Rs.000's except equity share and per equity share data)**

| S.NO | Particulars | Note No. | **For the Period ended 31.03.2023** | For the Period ended 31.03.2022 |
|---|---|---|---|---|
| **I** | Revenue from Operations | 18 | **51069** | 28305 |
| **II** | Other Income | 19 | **76** | 0 |
| **III** | **Total INCOME (I +II)** | | **51144** | 28305 |
| **IV** | **EXPENSES** | | | |
| **a.** | Purchase Of Services | 20 | **41010** | 23438 |
| **b.** | Employee benefits expense | 21 | **33717** | 16402 |
| **c.** | Finance costs | | **0** | 0 |
| **d.** | Depreciation and amortization expense | 3&4 | **1986** | 710 |
| **e.** | Other expenses | 22 | **15252** | 11232 |
| | **Total Expense** | | **91966** | 51782 |
| **V** | **Profit/(loss) Before Tax** | | **-40821** | -23477 |
| **VI** | **Tax Expense** | | | |
| | Current tax | 31 | **0** | 0 |
| | Deferred Tax Expense/ (Income) | 5 | **-10239** | -5883 |
| | **Total Tax Expense/ (Income)** | | **-10239** | -5883 |
| **VII** | **Profit/(loss) after Tax** | | **-30582** | -17594 |
| **VIII** | **Other Comprehensive Income** | | | |
| | I. Items that will not be reclassified to Profit or Loss | | | |
| | (a) Re-measurement of gain/(loss) on defined benefit plans | 28 | **110** | 0 |
| | II. Items that will be reclassified to Profit or Loss | | **0** | 0 |
| | **Other comprehensive income/(loss) for the year** | | **110** | 0 |
| **IX** | **Total Comprehensive Income/ (Loss) for the period** | | **-30472** | -17594 |
| **X** | **Earnings per equity share (Face value of Rs. 10/- each)** | | | |
| | (1) Basic | 23 | **(10.16)** | (7.35) |
| | (2) Diluted | 23 | **(10.16)** | (7.35) |

See accompanying notes forming part of financial statements 1-56

As per our report of even date attached

**For P A S & Company**
**Chartered Accountants**
Firm Registration Number: 019679N

For and on behalf of the Board of Directors of
**BeGig Private Limited**

| | | |
|---|---|---|
| **Ankur Garg** | **HARSHVENDRA SOIN** | **KUNAL PUROHIT** |
| Partner | Director | Director |
| Membership Number: 522582 | DIN: 02917590 | DIN: 09650373 |
| Place: Delhi | Place: | Place: |
| Date: | Date: | Date: |

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

**A. Equity Share Capital** **(Amount in Rs. 000's)**

| Particulars | No Of Shares | As at March 31, 2022 |
|---|---|---|
| **As at 22nd April 2021** | - | 0 |
| Changes in Equity Share Capital during the current year | 30,00,000 | 30000 |
| **As at March 31, 2022** | 30,00,000 | 30000 |

| Particulars | No Of Shares | **As at March 31, 2023** |
|---|---|---|
| **As at April 1, 2022** | 30,00,000 | **30000** |
| Changes in Equity Share Capital during the current year | - | **0** |
| **As at March 31, 2023** | 30,00,000 | **30000** |

**B. Other Equity** **(Amount in Rs. 000's)**

| Particulars | Share application money pending allotment | Retained Earnings | Other items of other comprehensive income / (loss) | General Reserve | Security Premium | As at March 31, 2022 Total Other Equity |
|---|---|---|---|---|---|---|
| **As at 22nd April 2021** | - | - | - | - | - | - |
| Add: Profit / (Loss) for the year | - | -17594 | - | - | - | -17594 |
| Add: Other comprehensive Income for the year | - | 0 | - | - | - | 0 |
| **As at March 31, 2022** | - | -17594 | - | - | - | -17594 |

| Particulars | Share application money pending allotment | Retained Earnings | Other items of other comprehensive income / (loss) | General Reserve | Security Premium | As at March 31, 2022 Total Other Equity |
|---|---|---|---|---|---|---|
| **As at April 1, 2022** | **-** | **-17594** | **-** | **-** | **-** | **-17594** |
| Add: Profit / (Loss) for the year | **-** | **-30582** | **-** | **-** | **-** | **-30582** |
| Add: Re-measurement of gain/(loss) on defined benefit plans | **-** | **0** | **110** | **-** | **-** | **110** |
| **As at March 31, 2023** | **-** | **-48176** | **110** | **-** | **-** | **-48066** |

Retained Earnings:

Retained earnings represents the undistributed profits/ (Loss) of the Company accumulated as on Balance Sheet date

See accompanying notes forming part of financial statements 1-56

As per our report of even date attached

**For P A S & Company**
**Chartered Accountants**
Firm Registration Number: 019679N

For and on behalf of the Board of Directors of
**BeGig Private Limited**

**Ankur Garg**
Partner
Membership Number: 522582
Place: Delhi
Date:

**HARSHVENDRA SOIN**
Director
DIN: 02917590
Place:
Date:

**KUNAL PUROHIT**
Director
DIN: 09650373
Place:
Date:

# STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED MARCH 31, 2023

**(Amount in Rs. 000's)**

| Particulars | | **For the year ended 31.03.2023** | | For the year ended 31.03.2022 |
|---|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES:** | | | | |
| Profit / (Loss) before tax | | **-40711** | | -23477 |
| **Adjustments for:** | | | | |
| Depreciation and amortization | **1986** | | 710 | |
| Interest Paid | **0** | **1986** | 0 | 710 |
| **Operating profit before working capital changes** | | **-38725** | | -22768 |
| Adjustments for changes in working capital: | | | | |
| Inventories | **0** | | 0 | |
| Trade Receivable | **3491** | | -3491 | |
| Other current and non current assets | **-9212** | | -1528 | |
| Long term & Short term Loans & advances | **0** | | 0 | |
| Trade payables, current liabilities & provisions | **60355** | **54634** | 6658 | 1639 |
| **Cash generated / (used in) from operations** | | **15908** | | -21128 |
| Direct taxes paid (Net) | | **11808** | | 2435 |
| **Net cash flows generated / (used in) operating activities (A)** | | **4100** | | -23564 |
| **B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES:** | | | | |
| Purchase/(sale) of property, plant & equipment and intangible assets | **-428** | | -5818 | |
| Interest received | **0** | **-428** | 0 | -5818 |
| **Net Cash flows generated / (used in) from investing activities (B)** | | **-428** | | -5818 |
| **C. CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES:** | | | | |
| Proceeds from Increase in Share Capital | **0** | | 30000 | |
| Interest Paid | **0** | **0** | 0 | 30000 |
| **Net cash flows generated / (used in) from financing activities (C)** | | **0** | | 30000 |
| **Net increase in cash and cash equivalents(A + B+ C )** | | **3672** | | 618 |
| **Net increase in cash and cash equivalents** | | **3672** | | 618 |
| Cash & cash equivalents at the beginning of the year | | **618** | | 0 |
| **Cash & cash equivalents at the end of the period (refer note 1 below)** | | **4290** | | 618 |

| Particulars | **For the year ended 31.03.2023** | For the year ended 31.03.2022 |
|---|---|---|
| **Note 1:** | | |
| **Cash and cash equivalents include:** | | |
| Cash on hand | **0** | 0 |
| Balance with banks | | |
| '-In current accounts | **4290** | 618 |
| '- In deposit accounts | **0** | 0 |
| **Total Cash and cash equivalents** | **4290** | 618 |

**Note 2:**

Figures in brackets represent outflow of cash and cash equivalents

**Note 3:**

The above cash flow statement has been prepared under the indirect method as set out in Ind AS 7 on Cash Flow Statements.

See accompanying notes forming part of financial statements 1-56

As per our report of even date attached

| | |
|---|---|
| **For P A S & Company** | For and on behalf of the Board of Directors of |
| **Chartered Accountants** | **BeGig Private Limited** |
| Firm Registration Number: 019679N | |

| | | |
|---|---|---|
| **Ankur Garg** | **HARSHVENDRA SOIN** | **KUNAL PUROHIT** |
| Partner | Director | Director |
| Membership Number: 522582 | DIN: 02917590 | DIN: 09650373 |
| Place: Delhi | Place: | Place: |
| Date: | Date: | Date: |

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2023

**1. Company Overview**

BeGig Private Limited ('the Company') was incorporated on 22 April, 2021 as a private limited company under the Companies Act, 2013. The registered office is located in 7th Floor, Capital Cyberscape, Sector 59 Golf Course Extension Road, Gurugram, Haryana- 122102. BeGig was established with a vision to create the biggest global ecosystem for tech freelancers and enterprises, bridging the tech skill gap across all industries. Also, to transform the way tech freelancers find work, earn more, and encourage growth with exclusive rewards and help enterprises save time and money with hand-picked, premium talent pool of skilled techies.

The financial statements ('financial statement') for the year ended March 31, 2023 were approved by the Board of Directors and authorized for issue on _______May, 2023.

**2. Significant Accounting Policies**

**2.1 Statement of Compliance**

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.

**2.2 Basis for preparation of financial statements**

These financial statements are presented in Indian rupees ("INR") which is also the Company's functional currency. All amounts have been reported in Indian Rupees, unless otherwise stated and all values/figures are rounded to the nearest thousands except when otherwise indicated.

These financial statements have been prepared on the historical cost basis and on accrual basis, except for certain financial instruments which are measured at fair values at the end of each reporting period as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purpose in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 Inventories or value in use in Ind AS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

**2.3 Use of Estimates:**

The preparation of financial statements requires the management of the company to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. 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 future periods are affected.

**Critical accounting estimates**

**i) Income taxes**

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. The policy for the same has been explained under Note 2.10.

**ii) Property, plant and equipment**

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation 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 at the end of each reporting period. 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. The policy for the same has been explained under Note 2.4.

**iii) Provisions**

Provision is recognized when the Company 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 a reliable estimate can be made. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. The policy for the same has been explained under Note 2.13.

**iv) Defined benefit plans and compensated absences**

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. 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 policy for the same has been explained under Note 2.9.

**2.4 Property, Plant & Equipment and Intangible assets**

Property, Plant & Equipment and intangible assets are stated at cost less accumulated depreciation/amortization and net of impairment. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable costs of bringing the item to its working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located. 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 as at each reporting date is disclosed under capital work in progress

Depreciable amount for assets is the cost of an asset, less its estimated residual value. Depreciation on Property, Plant & Equipment (including assets taken on lease), other than freehold land, is charged based on the straight line method on the estimated useful life as prescribed in Schedule II to the Companies Act, 2013 except in respect of the certain categories of assets, where the life of the assets has been assessed based on internal technical estimate, considering the nature of the asset and estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes.

The estimated useful lives of assets are as follows

| **Particulars** | **Life (In years)** |
|---|---|
| Computers | 3 |
| Trademarks | 10 |
| Software | 3 |

The estimated useful life and residual values of Property, Plant & Equipment and Intangible assets are reviewed at the end of each reporting period.

An item of Property, Plant & Equipment and intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant & Equipment and intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit and loss.

**2.5 Impairment of Assets:**

**i. Financial assets:**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**ii. Non-financial assets - Property, Plant & Equipment**

Property, Plant and Equipment and Other intangible assets with finite life are evaluated for recoverability when there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e., 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 unit (CGU) to which the asset belongs. If the recoverable amount of an asset or CGU is estimated to be less than it carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the profit or loss.

**2.6 Revenue recognition:**

Revenue recognition is based on the terms and conditions as per the contracts entered into / understanding with the customers. All revenues from services, as rendered, are recognized when persuasive evidence of an arrangement exists, the sale price is fixed or determinable and collectability is reasonably assured and are reported net of sales incentives, discounts based on the terms of the contract and applicable indirect taxes.

Contracts assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract liability arises when there is Company's obligation to transfer goods or services to a customer for which the entity has received consideration ("Advances from Customer") or the amount is due from the customer ("Unearned Revenue")

**2.7 Foreign currency transactions:**

The functional currency of the company is Indian Rupees (INR).

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the dates of Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognized in the profit or loss.

**2.8 Financial Instruments:**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

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.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognized in Statement of profit and loss.

**i) Non-derivative financial instruments:**

**Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

**Financial assets at amortized cost**

Financial assets are subsequently measured at amortized 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.

**Financial assets at fair value**

Financial asset not measured at amortized cost is carried at fair value through profit and loss (FVTPL) on initial recognition, unless the company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investment in equity instruments which are not held for trading.

The Company, on initial application of IND AS 109 Financial Instruments, has made an irrevocable election to present in other comprehensive income subsequent changes in fair value of equity instruments not held for trading.

Financial asset at FVTPL is measured at fair values at the end of each reporting period, with any gains or losses arising on re-measurement recognized in Statement of profit and loss.

**Financial liabilities**

Financial liabilities maturing after one year are subsequently carried at amortized cost using the effective interest method.

For trade payables and other financial liabilities maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**ii) Derecognition of financial instruments**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

**2.9 Employee benefits**

**i) Gratuity:**

The Company accounts for its gratuity liability, a defined retirement benefit plan covering eligible employees. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's salary and the tenure of the employment. Liabilities with regard to a Gratuity plan are determined based on the actuarial valuation carried out by an independent actuary as at the Balance Sheet date using the Projected Unit Credit method.

Actuarial gains and losses are recognized in full in other comprehensive income and accumulated in equity in the period in which they occur. Past service cost is recognized in profit or loss in the period of a plan amendment.

**ii) Provident fund:**

The eligible employees of the Company are entitled to receive the benefits of Provident fund in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently at 12% of the basic salary) which are charged to the Statement of Profit and Loss on accrual basis.

**iii) Compensated absences:**

The Company provides for the compensated absences subject to Company's certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is provided based on the number of days of unavailed leave at each Balance Sheet date on the basis of an independent actuarial valuation using the Projected Unit Credit method.

Actuarial gains and losses are recognized in full in the Statement of Profit and Loss in the period in which they occur. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

**iv) Other short term employee benefits:**

Other short-term employee benefits such as performance incentives expected to be paid in exchange for the services rendered by employees, are recognized during the period when the employee renders the service.

**2.10 Taxation:**

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to

/ recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the income tax laws.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the income taxes or deferred taxes are recognized in other comprehensive income or directly in equity, respectively.

Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

**Deferred income taxes**

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.

Deferred income tax asset are recognized to the extent that 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.

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.

**2.11 Employee Stock Option:**

Stock-based compensation represents the cost related to stock-based awards granted to employees. The Company measures stock-based compensation cost at grant date, based on the estimated fair value of the award and recognizes the cost (net of estimated forfeitures) on a straight-line basis over the requisite service period for each separately vesting portion of the award, as if award was in substance, multiple awards. The Company estimates the fair value of stock options. The cost is recorded under the head employee benefit expense in the statement of profit and loss with corresponding increase in “Employee stock option Reserve”

**2.12 Earnings per share**

Basic earnings/(loss) per share are calculated by dividing the net profit/(loss) for the period attributable to equity shareholders by the weighted average number of equities shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the year and also after the Balance Sheet date but before the date the financial statements are approved by the Board of Directors.

For the purpose of calculating diluted earnings/(loss) per share, the net profit/(loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The Company does not have any potentially dilutive shares.

**2.13 Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized when the Company 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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities and Contingent assets are not recognized in the financial statements.

**2.14 Short term leases and leases of low value Assets**

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease

**2.15 Recent accounting pronouncements**

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of ‘accounting estimates’ and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

For and on behalf of

**BeGig Private Limited**

| | |
|---|---|
| **HARSHVENDRA SOIN** | **KUNAL PUROHIT** |
| Director | Director |
| DIN: 02917590 | DIN: 09650373 |
| Place: | Place: |
| Date: | Date: |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

**Note 3: Property, Plant and Equipment** **(Amount in Rs. 000's)**

| Particulars | Gross Carrying amount | | | | Accumulated Depreciation / Amortisation | | | | Net Carrying amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Cost as at April 01, 2022 | Additions during the Year | Deletions during the year | Balance as at March 31, 2023 | As at April 01, 2022 | For the Year | Deductions during the year | Upto March 31, 2023 | As at March 31, 2023 | As at March 31, 2022 |
| **Tangible Assets** | | | | | | | | | | |
| Computers | 982 | 428 | 0 | **1410** | 118 | 395 | 0 | **512** | **898** | 865 |
| **Total** | 982 | 428 | 0 | **1410** | 118 | 395 | 0 | **512** | **898** | 865 |

| Particulars | Gross Carrying amount | | | | Accumulated Depreciation / Amortisation | | | | Net Carrying amount |
|---|---|---|---|---|---|---|---|---|---|
| | Cost as at April 01, 2021 | Additions during the Year | Deletions during the year | Balance as at March 31, 2022 | As at April 01, 2021 | For the Year | Deductions during the year | Upto March 31, 2022 | As at March 31, 2022 |
| **Tangible Assets** | | | | | | | | | |
| Computers | 0 | 982 | 0 | 982 | 0 | 118 | 0 | 118 | 865 |
| **Total** | 0 | 982 | 0 | 982 | 0 | 118 | 0 | 118 | 865 |

**Note 4: Intangible Assets** **(Amount in Rs. 000's)**

| Particulars | Gross Carrying amount | | | | Accumulated Depreciation / Amortisation | | | | Net Carrying amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Cost as at April 01, 2022 | Additions during the Year | Deletions during the year | Balance as at March 31, 2023 | As at April 01, 2022 | For the Year | Deductions during the year | Upto March 31, 2023 | As at March 31, 2023 | As at March 31, 2022 |
| **Intangible Assets** | | | | | | | | | | |
| Trademarks | 90 | 0 | 0 | **90** | 2 | 9 | 0 | **11** | **79** | 88 |
| **Software (Platform)** | 4746 | 0 | 0 | **4746** | 590 | 1582 | 0 | **2173** | **2574** | 4156 |
| **Total** | 4836 | 0 | 0 | **4836** | 592 | 1591 | 0 | **2183** | **2653** | 4244 |

| Particulars | Gross Carrying amount | | | | Accumulated Depreciation / Amortisation | | | | Net Carrying amount |
|---|---|---|---|---|---|---|---|---|---|
| | Cost as at April 01, 2021 | Additions during the Year | Deletions during the year | Balance as at March 31, 2022 | As at April 01, 2021 | For the Year | Deductions during the year | Upto March 31, 2022 | As at March 31, 2022 |
| **Intangible Assets** | | | | | | | | | |
| Trademarks | 0 | 90 | 0 | 90 | 0 | 2 | 0 | 2 | 88 |
| Software (Platform) | 0 | 4746 | 0 | 4746 | 0 | 590 | 0 | 590 | 4156 |
| **Total** | 0 | 4836 | 0 | 4836 | 0 | 592 | 0 | 592 | 4244 |

| | |
|---|---|
| **HARSHVENDRA SOIN** | **KUNAL PUROHIT** |
| Director | Director |
| DIN: 02917590 | DIN: 09650373 |
| Date: | Date: |

**NOTE-5 : Deferred tax assets (Net) (refer Note 32):**

**(Amount in Rs. 000's)**

| Particulars | As at 31.3.23 | As at 31.3.22 |
|---|---|---|
| **Deferred Tax Assets:** | | |
| Business losses and Unabsorbed Depreciation | **15847** | 5767 |
| Provision for Employee benefits | **89** | 27 |
| Other Disallowances | **96** | 128 |
| **Total (A)** | **16032** | 5922 |
| **Deferred Tax Liability:** | | |
| Depreciation timing difference | **-90** | 39 |
| **Total (B)** | **-90** | 39 |
| **Deferred tax assets (Net) (A-B)** | **16122** | 5883 |

**Note-6 : Trade Receivables : Current**

**(Amount in Rs. 000's)**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Trade receivables (Unsecured)** | | |
| Considered Good* | **-** | 1580 |
| Unbilled Revenue# | **-** | 1911 |
| Trade receivables which have significant increase in credit risk | **-** | - |
| Trade Receivables – Credit impaired | **297** | - |
| Less: Written off During the year as Bad Debts | **297** | - |
| **Total** | **-** | 3491 |

*Note: Includes amount Due from Holding Company i.e. Tech Mahindra Limited Rs. Nil, (LY Rs. 916)
#Note: Includes amount from Holding Company i.e. Tech Mahindra Limited Rs. NIL, (LY Rs. 1,759)

**Trade Receivable Ageing Schedule as on 31.03.2023**

| **Particulars** | **Unbilled Revenue (Not Due)** | **Outstanding for the following periods from due date of payment** | | | | | **Total** |
|---|---|---|---|---|---|---|---|
| | | **Less Than 6 months** | **6 months - 1year** | **1 - 2 years** | **2 - 3 years** | **More than 3 years** | |
| i) Undisputed Trade Receivables - Considered Good | - | - | - | - | - | - | - |
| ii) Undisputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| iii) Undisputed Trade Receivables - Credit Impaired | - | - | - | - | - | - | - |
| iv) Disputed Trade Receivables - Considered Good | - | - | - | - | - | - | - |
| v) Disputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| vi) Disputed Trade Receivables - Credit Impaired | - | - | - | - | - | - | - |

**Trade Receivable Ageing Schedule as on 31.03.2022**

| Particulars | Unbilled Revenue (Not Due) | Outstanding for the following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less Than 6 months | 6 months - 1year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| i) Undisputed Trade Receivables - Considered Good | 1911 | 1580 | - | - | - | - | 3491 |
| ii) Undisputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| iii) Undisputed Trade Receivables - Credit Impaired | - | - | - | - | - | - | - |
| iv) Disputed Trade Receivables - Considered Good | - | - | - | - | - | - | - |
| v) Disputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| vi) Disputed Trade Receivables - Credit Impaired | - | - | - | - | - | - | - |

**NOTE-7 : CASH AND CASH EQUIVALANTS**

**(Amount in Rs. 000's)**

| Particulars | **As at 31.3.23** | As at 31.3.22 |
|---|---|---|
| Cash in hand | **-** | - |
| **Balances with banks** | | |
| (i) In Current Account | **4290** | 618 |
| (ii) In Deposit Account (Original maturity less than 3 months) | **-** | - |
| **Total** | **4290** | 618 |

**NOTE-8 : OTHER FINANCIAL ASSETS**

(Unsecured, considered good unless otherwise stated) **(Amount in Rs. 000's)**

| Particulars | **As at 31.3.23** | As at 31.3.22 |
|---|---|---|
| Security Deposits | **276** | 360 |
| TDS Receivable from Vendors | **129** | 12 |
| **Total** | **405** | 372 |

**NOTE-9 : Income Tax Assets (Net)**

**(Amount in Rs. 000's)**

| Particulars | **As at 31.3.23** | As at 31.3.22 |
|---|---|---|
| Tax Deducted at Source under the Income Tax Act (Prepaid Taxes) | **14244** | 2435 |
| **Total** | **14244** | 2435 |

**NOTE-10 : OTHER CURRENT ASSETS**

| (Unsecured, considered good unless otherwise stated) | | (Amount in Rs. 000's) |
|---|---|---|
| Particulars | **As at 31.3.23** | As at 31.3.22 |
| Prepaid Expenses | **121** | 668 |
| Balance with KODO Cards | **108** | 70 |
| Balance with Government Authorities | | |
| Goods and service tax input credit | **1584** | 357 |
| Goods and service tax Paid on Advance (pending adjustment) | **8523** | |
| Advance to suppliers/ Vendors | **0** | 58 |
| Others Receivables (From employees) | **0** | 3 |
| **Total** | **10336** | 1156 |

**Note 11: Equity Share Capital**

| | | (Amount in Rs. 000's) |
|---|---|---|
| Particulars | **As at 31.3.23** | As at 31.3.22 |
| Authorized: | | |
| 8000000 Equity Shares of Rs. 10 each, (Last year 6000000 Equity Shares of Rs. 10 each) | 80000 | 60000 |
| **Total** | 80000 | 60000 |
| **Issued, Subscribed and Fully Paid-up :** | | |
| 3000000 Equity Shares of Rs. 10 each fully paid up | 30000 | 30000 |
| **Total** | 30000 | 30000 |

**11.1 Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year:**

| Particulars | **No. of equity shares** | **(Amount in Rs. 000's)** | **No. of equity shares** | **(Amount in Rs. 000's)** |
|---|---|---|---|---|
| | **As at March 31, 2023** | **As at March 31, 2023** | **As at March 31, 2022** | **As at March 31, 2022** |
| Shares outstanding | **30,00,000** | **30000** | - | 0 |
| Issued during the year | **-** | **0** | 30,00,000 | 30000 |
| **Shares outstanding** | **30,00,000** | **30000** | 30,00,000 | 30000 |

**11.2 Terms/ rights attached to equity shares**

The Company has equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the equity shares held by the shareholders

**11.3 Details of shares held by the holding company**

| Name of the shareholder | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| | **No. of equity shares held** | No. of equity shares held |
| Tech Mahindra Limited | **29,99,999** | 29,99,999 |

**11.4 Details of shareholders holding more than 5 % equity shares in the company as at the end of the year**

| Name of the shareholder | **As at March 31, 2023** | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **No. of equity shares held** | **% of Shareholding** | No. of equity shares held | % of Shareholding |
| Tech Mahindra Limited | **29,99,999** | **99.99997** | 29,99,999 | 99.99997 |

**11.5a Details of Shareholding of Promoters as on 31.03.2023**

| Promoter Name | Shares held by promoters at the end of the year No. of Shares | % of Total Shares | % Change during the year |
|---|---|---|---|
| Tech Mahindra Limited | **29,99,999** | **99.99997%** | **99.99997%** |
| Shresth Shrivastav* | **1** | **0.00003%** | **0.00003%** |

*Note: 1 equity share Held by Shresth Shrivastav as Nominee of M/s Tech Mahindra Limited.

**11.5b Details of Shareholding of Promoters as on 31.03.2022**

| Promoter Name | Shares held by promoters at the end of the year No. of Shares | % of Total Shares | % Change during the year |
|---|---|---|---|
| Tech Mahindra Limited | **29,99,999** | **99.99997%** | **99.99997%** |
| Shresth Shrivastav* | **1** | **0.00003%** | **0.00003%** |

*Note: 1 equity share Held by Shresth Shrivastav as Nominee of M/s Tech Mahindra Limited.

**Note 12: Other Equity**

**(Amount in Rs. 000's)**

| Particulars | **As at 31st March 2023** | As at 31st March 2022 |
|---|---|---|
| **Reserves and Surplus** | | |
| **Retained Earnings** | | |
| Balance at the beginning of the period | **-17594** | 0 |
| Profit/ (Loss) for the period | **-30472** | -17594 |
| Balance at the end of the period | **-48066** | -17594 |
| **Closing Balance** | **-48066** | -17594 |

**NOTE-13 : Provisions**

**(Amount in Rs. 000's)**

| Particulars | **As at 31st March 2023** | As at 31st March 2022 |
|---|---|---|
| **Provision for Employee Benefits** | | |
| **Gratuity** | **252** | 109 |
| Compensated absences | **79** | 0 |
| **Total** | **331** | 109 |

**Note-14 : Trade payables (Also refer Note 27)**

**(Amount in Rs. 000's)**

| Particulars | **As at 31st March 2023** | As at 31st March 2022 |
|---|---|---|
| Creditors for supplies / services Due to micro and small enterprises* | **7856** | 2823 |
| Creditors for supplies / services Due to others* | **4217** | 2551 |
| **Total** | **12073** | 5373 |

*Note: Includes Accrued expenses amounting to Rs. 234 (Last Year Rs. 2038)

**Trade Payables Ageing Schedule as on 31.03.2023**

| **Particulars** | **Outstanding For Following Period From Due date Of Invoice** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Accrued Expenses** | **Not Due** | **Less Than 1 Year** | **1-2 Years** | **2-3 Years** | **More Than 3 years** | **Total** |
| MSME | **180** | - | **7676** | - | - | - | **7856** |
| Others | **54** | - | **4163** | - | - | - | **4217** |
| Disputed dues- MSME | - | - | - | - | - | - | - |
| Disputed dues- Others | - | - | - | - | - | - | - |
| **Grand Total** | **234** | - | **11839** | - | - | - | **12073** |

**Trade Payables Ageing Schedule as on 31.03.2022**

| Particulars | Outstanding For Following Period From Due date Of Invoice | | | | | | |
|---|---|---|---|---|---|---|---|
| | Accrued Expenses | Not Due | Less Than 1 Year | 1-2 Years | 2-3 Years | More Than 3 years | Total |
| MSME | 1206 | - | 1617 | - | - | - | 2823 |
| Others | 832 | - | 1719 | - | - | - | 2551 |
| Disputed dues- MSME | - | - | - | - | - | - | - |
| Disputed dues- Others | - | - | - | - | - | - | - |
| **Grand Total** | 2038 | - | 3336 | - | - | - | 5373 |

**NOTE-15: . Other Financial Liabilities - Current**

**(Amount in Rs. 000's)**

| Particulars | As at 31st March 2023 | As at 31st March 2022 |
|---|---|---|
| **Salary Payables** | **907** | 0 |
| **Other Payables (Credit Card Dues)** | **201** | 0 |
| **Total** | **1108** | 0 |

**NOTE-16: Other Current Liabilities**

**(Amount in Rs. 000's)**

| Particulars | As at 31st March 2023 | As at 31st March 2022 |
|---|---|---|
| Advance from Related Parties (Refer Note 26) | **51241** | 0 |
| Statutory Remittances | **2236** | 1176 |
| **Total** | **53477** | 1176 |

**NOTE-17 : Provisions**

**(Amount in Rs. 000's)**

| Particulars | As at 31st March 2023 | As at 31st March 2022 |
|---|---|---|
| Provision for Employee Benefits | | |
| Gratuity | **0** | 0 |
| Compensated absences | **23** | 0 |
| **Total** | **23** | 0 |

**NOTE-18: Revenue From Operations**

**(Amount in Rs. 000's)**

| Particulars | 2022-23 | For the period from 22nd Apr 2021 to 31st March 2022 |
|---|---|---|
| Sale of services* | **41010** | 23438 |
| Other operating revenues | **10059** | 4866 |
| **Total** | **51069** | 28305 |

*Note: Refer Note 38 & 39

**NOTE-19: Other Income**

**(Amount in Rs. 000's)**

| Particulars | 2022-23 | For the period from 22nd Apr 2021 to 31st March 2022 |
|---|---|---|
| Interest Income on Income tax Refund | **76** | 0 |
| **Total** | **76** | 0 |

**NOTE-20: Purchase of Services**

(Amount in Rs. 000's)

| Particulars | 2022-23 | For the period from 22nd Apr 2021 to 31st March 2022 |
|---|---|---|
| Purchase of Services* | **41010** | 23438 |
| **Total** | **41010** | 23438 |

*Note: Refer Note 38 & 39

**Note-21: Employee Benefit Expenses**

(Amount in Rs. 000's)

| Particulars | 2022-23 | For the period from 22nd Apr 2021 to 31st March 2022 |
|---|---|---|
| Salaries and Wages | **31653** | 15315 |
| Stipend | **638** | 604 |
| Contribution to Provident and other Funds | **631** | 285 |
| *Gratuity & Leave Encashment | **356** | 109 |
| Staff Welfare Expense | **439** | 88 |
| **Total** | **33717** | 16402 |

*Note: It Includes Rs. 110 (Last Year- NIL) being Re-measurement of gain on defined benefit plans separately shown under Other Comprehensive Income.

**NOTE-22: Other Expenses**

(Amount in Rs. 000's)

| Particulars | 2022-23 | For the period from 22nd Apr 2021 to 31st March 2022 |
|---|---|---|
| Advertisement, Promotion & Selling Expenses | **1812** | 2804 |
| Audit Fees | **150** | 100 |
| Bank Charges | **14** | 13 |
| Bad Debts Expense (refer note no. 6) | **297** | 0 |
| General Office Expenses | **60** | 17 |
| Insurance Charges | **183** | 22 |
| Legal and other professional Charges | **5905** | 4719 |
| Membership, Fees & Subscription | **4102** | 937 |
| Preliminary Expenses | **0** | 634 |
| Rates & Taxes | **22** | 110 |
| Rent | **1944** | 875 |
| Repair and maintenance Expenses | | |
| - Buildings (including leased premises) | **0** | 0 |
| - Machinery and Computers | **24** | 53 |
| - Others | **0** | 0 |
| Recruitment Expenses | **0** | 615 |
| Software Expenses | **77** | 48 |
| Travelling and Conveyance Expenses | **573** | 281 |
| Telephone Exp | **90** | 5 |
| **Total** | **15252** | **11232** |

**(Amount in Rs. 000's)**

| Payment to auditors (Excluding GST) | **2022-23** | For the period from 22nd Apr 2021 to 31st March 2022 |
|---|---|---|
| Statutory Audit fees | **150** | 100 |
| **Total** | **150** | 100 |

**NOTE-23: Earnings per share**

(Amount in Rs.000's except equity share and per equity share data)

| | **2022-23** | For the period from 22nd Apr 2021 to 31st March 2022 |
|---|---|---|
| Net Profit/ (loss) after tax for the year (Amount in Rs.) | **-30472** | -17594 |
| Weighted average number of equity shares outstanding for basic earning per share | **30,00,000** | 30,00,000 |
| Add : Dilutive share -Employees stock options outstanding | **-** | - |
| Weighted average number of equity shares outstanding for diluted earning per share | **30,00,000** | 23,95,205 |
| Nominal value per equity share (in Rs) | **10** | 10 |
| Basic earnings per share (in Rs) | **(10.16)** | (7.35) |
| Diluted earnings per share (in Rs) | **(10.16)** | (7.35) |

**NOTE-24: Contingent Liabilities & Commitments**

**(to the extent not provided for)**

**(Amount in Rs. 000’s)**

| Particulars | **2022-23** | For the period from 22nd Apr 2021 to 31st March 2022 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital & other account (net of advances) | **Nil** | 23 |
| Bank Guarantee given (Net of deposit) | **Nil** | Nil |
| Any other | **Nil** | Nil |

**Note 25: Financial Instruments**

The Company’s Board of Directors have an overall responsibility for the establishment and oversight of the Company’s risk management framework. The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

**(i) Financial instruments by category**

**The carrying value of financial instruments by categories as at March 31, 2023 were as follows:**

**(Amount in Rs. 000’s)**

| Particulars | **Amortised cost*** | **Financial assets/ liabilities at fair value through profit or loss** | **Financial assets at fair value through OCI** | **Carrying Value/ Total fair value*** |
|---|---|---|---|---|
| **Financial assets :** | | | | |
| Trade receivables | - | - | - | - |
| Cash and cash equivalents | 4290 | 0 | 0 | 4290 |
| Other Financial Asset | 405 | 0 | 0 | 405 |
| **Total** | 4694 | 0 | 0 | 4694 |
| **Financial Liabilities :** | | | | |
| Trade payables | 12073 | 0 | 0 | 12073 |
| Other financial liabilities | 1108 | 0 | 0 | 1108 |
| **Total** | 13181 | 0 | 0 | 13181 |

*Note: Fair value of amortised assets is same as carrying value.

**The carrying value of financial instruments by categories as at March 31, 2022 were as follows:**

| Particulars | Amortised cost* | Financial assets/ liabilities at fair value through profit or loss | Financial assets at fair value through OCI | Carrying Value/ Total fair value* |
|---|---|---|---|---|
| **Financial assets :** | | | | |
| Trade receivables | 3491 | 0 | 0 | 3491 |
| Cash and cash equivalents | 618 | 0 | 0 | 618 |
| Other Financial Asset | 372 | 0 | 0 | 372 |
| **Total** | 4480 | 0 | 0 | 4480 |
| **Financial Liabilities :** | | | | |
| Trade payables | 5373 | 0 | 0 | 5373 |
| Other financial liabilities | 0 | 0 | 0 | 0 |
| **Total** | 5373 | 0 | 0 | 5373 |

*Note: Fair value of amortised assets is same as carrying value.

**(ii) Financial risk management :**

**Financial Risk Factors**

The Company's principal financial liabilities comprise trade payables and Employee related payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash and cash equivalent that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**(a) Market risk :**

Market risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in foreign currency exchange rates, interest rates, credit, liquidity and other market changes. Since presently, the Company is not having any borrowings there is no impact of fluctuations in interest on the Company

**(b) Credit Risk**

The Company is exposed to credit risk, which is the risk that counterparty will default on its contractual obligation resulting in a financial loss to the Company. Credit risk arises majorly from cash and cash equivalents, deposits with banks, Investments as well as credit exposures to customers including outstanding receivables.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled revenue, cash and cash equivalents and other financial assets. None of the financial instruments of the Company resultin material concentration of creditrisk.

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies

**Credit Risk Exposure**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 4746 as at March 31,2023 (Rs. 4550 as at March 31,2022), being the total of the carrying amountof trade receivables, unbilled revenue (excluding contract assets) and other various financial assets.

**(c) Liquidity Risk**

Liquidity Risk is the risk that the company will not be able to meet its financial obligation as they fall due. Liquidity risk arises because of the possibility that the company could be required to pay its liabilities earlier than expected or encounters difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The company approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due. The Company generates cash flows from operations to meet its financial obligations and manages liquidity risk by maintaining sufficient cash and bank balance and availability of funding through adequate amount of committed credit facilities.

**The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2023**

**(Amount in Rs. 000's)**

| As at March 31, 2022 | Less than 1 year | 1-3 years | More than 3 years | Total |
|---|---|---|---|---|
| Trade payables | 12073 | 0 | 0 | 12073 |
| Other financial liabilities | 1108 | 0 | 0 | 1108 |
| | 13181 | 0 | 0 | 13181 |

**The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2022**

**(Amount in Rs. 000's)**

| As at March 31, 2022 | Less than 1 year | 1-3 years | More than 3 years | Total |
|---|---|---|---|---|
| Trade payables | 5373 | 0 | 0 | 5373 |
| Other financial liabilities | 0 | 0 | 0 | 0 |
| | 5373 | 0 | 0 | 5373 |

**(iii) Capital management**

The capital structure of the Company consists of equity, cash and cash equivalents. The Company's objective for capital management is to maintain the capital structure which will support the Company's strategy to maximize shareholder's value, safeguarding the business continuity and help in supporting the growth of the Company.

**Note 26: Related Party Disclosures**

**A) List of Related Parties and description of their relationship are as follows:**

**Nature of Relationship**

1. **Holding Company**

   Tech Mahindra Limited

2. **Fellow Subsidiary**

   YABX India Private Limited

3. **Key Management Personnel:**

   Shresth Shrivastav- Whole time Director (w.e.f. 01.12.2021)

   Shresth Shrivastav- Non Executive Director (w.e.f. 01.08.2022)

4. **Directors:**

   Shresth Shrivastav- (Resigned w.e.f. 14.03.2023)

   Apurva Chamaria (Resigned w.e.f. 29.10.2021)

5. **Additional Directors:**

   Harshvendra Soin (appointed w.e.f. 25.10.2021)

   Harshvendra Soin (appointed as Director w.e.f. 19.07.2022)

   Chethan Prabhudeva (appointed w.e.f. 03.06.2021 and resigned w.e.f. 13.06.2022)

   Kunal Purohit (appointed w.e.f. 23.06.2022)

   Kunal Purohit (appointed as Director w.e.f. 19.07.2022)

5. **Relative of Directors:**

   Rachit Shrivastav (Shrivastav & Khurana)

**B) Total Transactions with related parties are as follows:**

| Particulars | Amount | Amount |
|---|---|---|
| **(A) Nature of transactions*** | 2022-23 | 2021-22 |
| **Tech Mahindra Limited** | | |
| Sale of Services and Commission Income (Including GST) | 57916 | 28110 |

| | | |
|---|---:|---:|
| Professional Fees Paid (Including GST) | 63 | 0 |
| **YABX India Private Limited** | | |
| Sale of Services (Including GST) | 0 | 344 |
| **Shresth Shrivastav- Whole time Director (w.e.f. 01.12.2021)** | | |
| Remuneration paid | 1792 | 1094 |
| Reimbursement of Expenses | 870 | 838 |
| **Rachit Shrivastav (Shrivastav & Khurana)** | | |
| Professional Fee paid | 456 | 99 |

| **(C) Balances at the end of the year*** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---:|---:|
| **Tech Mahindra Limited** | | |
| Trade Receivable | **0** | 916 |
| Advance received against Services | **51241** | 0 |
| **YABX India Private Limited** | | |
| Trade Receivable | **0** | 185 |
| **Shresth Shrivastav- Whole time Director (w.e.f. 01.12.2021)** | | |
| Reimbursements Payable | **0** | 59 |

*Note: Above transactions does not include Unbilled Revenue and accrued expenses.

**Note 27: MSME Payments**

Based on information available with the company, there are few suppliers/service providers who are registered as micro, small or medium enterprise under The Micro, Small and Medium Enterprises Development Act,2006 (MSMED Act, 2006). Information in respect of micro and small enterprises as required by Companies Act 2013 and MSMED Act, 2006 is given as under:

**(Amount in Rs. 000's)**

| Sr. No | Particulars | **Trade Payables** | | **Others** | |
|---|---|---:|---:|---:|---:|
| | | **As at 31.03.2023** | As at 31.03.2022 | **As at 31.03.2023** | As at 31.03.2022 |
| 1 | Principal amount and interest due thereon remaining unpaid to any supplier as at end of each accounting year: | | | | |
| | Principal | **7856** | 2823 | **NIL** | NIL |
| | Interest | **NIL** | NIL | **NIL** | NIL |
| 2 | The amount of Interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | **NIL** | NIL | **NIL** | NIL |
| 3 | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006 | **NIL** | NIL | **NIL** | NIL |
| 4 | The amount of interest accrued and remaining unpaid at the end of each accounting year | **NIL** | NIL | **NIL** | NIL |
| 5 | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 | **NIL** | NIL | **NIL** | NIL |

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2023 has been made in the financial statements based on information received and available with the Company.

**28 Details of employee benefits as required by the IND AS-19 – Employee Benefits are as under**

**a) Defined Contribution Plan:**

An amount of Rs. 606 (Last year Rs. 270) has been recognized as an expense in respect of Company's contribution for Provident Fund deposited with the government authorities and has been shown under Employee Benefits Expenses in statement of the Profit and Loss Account.

**b) Defined Benefit Plan - Gratuity**

1. The Defined Benefit Plan comprises of Gratuity In accordance with the Payment of Gratuity Act, 1972, applicable for Indian companies

2. Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service

3. The defined benefit plan is not funded.

4. Actuarial gains and losses in respect of defined benefit plans are recognized in other comprehensive income

**c) Leave Encashment (Compensated absences)**

1. The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid/ availed as a result of the unused entitlement that has accumulated at the Balance Sheet date.

2. At the end of every year, any paid leave balance in excess of 45 days is assumed to be automatically lapsed.

3. The defined benefit plan is not funded.

**(i) Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation:**

| Particulars | **Gratuity (unfunded)** | **Gratuity (unfunded)** | **Leave (unfunded)** | **Leave (unfunded)** |
|---|---|---|---|---|
| | **31st March 2023** | **31st March 2022** | **31st March 2023** | **31st March 2022** |
| **Defined benefit obligation at beginning** | **109** | 0 | **0** | 0 |
| Current service cost | **143** | 109 | **102** | 0 |
| Interest cost | **0** | 0 | **0** | 0 |
| Actuarial (gain) / loss | **0** | 0 | **0** | 0 |
| Benefits paid | **0** | 0 | **0** | 0 |
| **Defined benefit obligation at year end** | **252** | 109 | **102** | 0 |

**(ii) Reconciliation of opening and closing balances of fair value of plan assets:**

| Particulars | **Gratuity (unfunded)** | Gratuity (unfunded) | **Leave (unfunded)** | Leave (unfunded) |
|---|---|---|---|---|
| | **31st March 2023** | 31st March 2022 | **31st March 2023** | 31st March 2022 |
| Fair value of plan assets at year end | **-** | - | **-** | - |
| Present value of obligations | **-** | - | **-** | - |

**(iii) Reconciliation of fair value of assets and obligations:**

| Particulars | **Gratuity (unfunded)** | Gratuity (unfunded) | **Leave (unfunded)** | Leave (unfunded) |
|---|---|---|---|---|
| | **31st March 2023** | 31st March 2022 | **31st March 2023** | 31st March 2022 |
| Fair value of plan assets at year end | **-** | - | | |
| Present value of obligations | **252** | 109 | **102** | - |
| **Amount recognized in Balance Sheet** | **252** | 109 | **102** | - |

**(iv) Expense recognized during the year in P&L and as Other Comprehensive Income (OCI)**

| Particulars | **Gratuity (unfunded)** | Gratuity (unfunded) | **Leave (unfunded)** | Leave (unfunded) |
|---|---|---|---|---|
| | **31st March 2023** | 31st March 2022 | **31st March 2023** | 31st March 2022 |
| Current service cost | **237** | 109 | **102** | 0 |
| Interest cost | **16** | 0 | **0** | 0 |
| Employer Expense/ (income) recognized in P&L | **253** | 109 | **102** | 0 |
| Amount recognized as Other Comprehensive Income (OCI) / Actuarial (gain) / loss | **-110** | 0 | **0** | 0 |
| **Net Cost (refer note 21)** | **143** | 109 | **102** | 0 |

**(v) Actuarial Assumption:**

| Particulars | **Gratuity (unfunded)** | Gratuity (unfunded) | **Leave (unfunded)** | Leave (unfunded) |
|---|---|---|---|---|
| | **31st March 2023** | 31st March 2022 | **31st March 2023** | 31st March 2022 |
| Discount Rate | **7.16%** | 7.15% | **7.13%** | 7.13% |
| Salary Escalation Rate | **20%** | 10% | **20%** | 10% |
| **Employee Attrition Rate** | **30%** | 16% | **30%** | 16% |

a. **Discount rate :** It is based upon the market yields available on Government Bonds at the accounting date with a term that matches that of the liabilities

b. **Salary Escalation Rate:** The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

c. **Employee Attrition Rate:** The attrition assumption should be Employer's best estimate of future attrition rates, reflecting both regular attrition and redundancies.

**(vi) Sensitivity analysis:**

| Particulars | **Gratuity (unfunded)** | Gratuity (unfunded) | **Leave (unfunded)** | Leave (unfunded) |
|---|---|---|---|---|
| | **31st March 2023** | 31st March 2022 | **31st March 2023** | 31st March 2022 |
| **A: Discount rate** | | | | |
| 1. Effect on DBO due to 1% increase in discount rate | 2,34,774 | **99** | 98 | 0 |
| 2. Effect on DBO due to 1% decrease in discount rate | 2,71,658 | **1,20,673** | 106 | 0 |
| **B: Salary Escalation Rate** | | | | |
| 1. Effect on DBO due to 1% increase in Salary escalation rate | 268 | **1,20,015** | 106 | 0 |
| 2. Effect on DBO due to 1% decrease in Salary escalation rate | 237 | **99** | 99 | 0 |
| **C: Withdrawal Rate** | | | | |
| 1. Effect on DBO due to 1% increase in Attrition rate | 235 | **1,02,562** | 100 | 0 |
| 2. Effect on DBO due to 1% decrease in Attrition rate | 271 | **1,15,901** | 104 | 0 |

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

**(vii) Average duration of DBO, weighted by present value of cashflows (DMT):**

| Description | **Gratuity (unfunded)** | Gratuity (unfunded) | **Leave (unfunded)** | Leave (unfunded) |
|---|---|---|---|---|
| | **31st March 2023** | 31st March 2022 | **31st March 2023** | 31st March 2022 |
| DMT (years) | **8** | 11 | **4** | - |

**(viii)Disclosure related to indication of effect of the defined benefit plan on the entity's future cash flows:**

| Payout in the next | **Gratuity (unfunded)** | Gratuity (unfunded) | **Leave (unfunded)** | Leave (unfunded) |
|---|---|---|---|---|
| | **31st March 2023** | 31st March 2022 | **31st March 2023** | 31st March 2022 |
| Year1 | **0** | 0 | **23** | 0 |
| Year2 | **0** | 0 | **19** | 0 |
| Year3 | **0** | 0 | **16** | 0 |
| Year4 | **21** | 0 | **14** | 0 |
| Year5 | **62** | 15 | **11** | 0 |
| Year6-10 | **222** | 85 | **35** | 0 |
| Year11-15 | **92** | 57 | **14** | 0 |
| Year15+ | **53** | 93 | **10** | 0 |

**Note 29: Ratio Analysis**

**As required by the Schedule III amendment notification dated March 24, 2021, the Company is requied to disclose the following ratios:**

**(Amount in Rs. 000's)**

| Sr. No. | Particulars | Formula | FY 2022-2023 | | | | FY 2021-2022 | | | | Varinace % | Reason |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Numerator | Denominator | Ratio | Term | Numerator | Denominator | Ratio | Term | | |
| i) | Current Ratio | Current Assets / Current Liabilities | 29274 | 66682 | 0.4 | Times | 8072 | 6549 | 1.2 | Times | (64.38) | Variance is mainly on account of increase in current liability during the year compared to previous year |
| ii) | Debt-Equity Ratio | Debt / Equity | 0 | -18066 | - | Times | 0 | 12406 | - | Times | NA | NA |
| iii) | Debt Service Coverage Ratio | Earnings available for debt service / (Interest + Principal) | -38835 | 0 | - | Times | -22768 | 0 | - | Times | NA | NA |
| iv) | Return on Equity | Net Profits after taxes/ Average Shareholder's Equity | -30472 | -18066 | -168.67% | % | -17594 | 12406 | -141.82% | % | 18.93 | |
| v) | Inventory Turnover Ratio | Sales / Average Inventory | N / A | | | | N / A | | | | NA | NA |
| vi) | Trade Receivable Turnover Ratio | Net Credit Sales / Average Accounts Receivable | 51144 | 1745 | 29.3 | Times | 28305 | 1745 | 16.2 | Times | 80.69 | Variance is mainly on account of increase in revenue during the year compared to previous year |
| vii) | Trade Payable Turnover Ratio | Net Credit Purchases / Average Accounts Payables | 41010 | 8723 | 4.7 | Times | 23438 | 2687 | 8.7 | Times | (46.11) | Variance is mainly on account of increase in purchases during the year compared to previous year |
| viii) | Net Capital Turnover Ratio | Turnover / Working Capital | 51144 | -37408 | (1.4) | Times | 28305 | 1523 | 18.6 | Times | (107.36) | Variance is mainly on account of increase in losses during the year compared to previous year |
| ix) | Net Profit Ratio | Net Profit / Sales | -30472 | 51144 | -59.58% | % | -17594 | 28305 | -62.16% | % | (4.15) | |
| x) | Return on Capital Employed | "EBIT / Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability" | -40821 | -17735 | -230.18% | % | -23477 | 12515 | -187.60% | % | 22.70 | |

**Note 30: Disclosures for revenue from contracts with customers**

**a) Disaggregation of revenue:**

**i. Revenue disaggregation by nature of services is as follows**

**(Amount in Rs. 000's)**

| **Nature of Services** | **As at 31.03.2023** | As at 31.03.2022 |
|---|---|---|
| Sale of Services | **41010** | 23438 |
| Other operating revenues | **10059** | 4866 |
| **Total** | **51069** | 28305 |

***Note: Refer Note 38 & 39**

**ii. Revenue disaggregation by geography is as follows**

**(Amount in Rs. 000's)**

| **Nature of Services** | **As at 31.03.2023** | As at 31.03.2022 |
|---|---|---|
| India | **51069** | 28305 |
| Rest of world | **0** | 0 |
| **Total** | **51069** | 28305 |

**Note 31: Income Tax Expense**

**Tax expense in the statement of profit and loss comprises**

**(Amount in Rs. 000's)**

| **Nature of Services** | **As at 31.03.2023** | As at 31.03.2022 |
|---|---|---|
| Current tax | **-** | - |
| Tax expense related to current year | | |
| **Total** | **-** | - |

***Note 32: Deferred Tax:**

**The following is the analysis of deferred tax assets presented in the balance sheet**

**(Amount in Rs. 000's)**

| **Nature of Services** | **As at 31.03.2023** | As at 31.03.2022 |
|---|---|---|
| Deferred tax assets | **16032** | 5922 |
| Deferred tax liabilities | **-90** | 39 |
| **Deferred tax assets (net)** | **16122** | 5883 |

**The tax effect of significant timing differences that has resulted in deferred tax assets are given below:**

**(Amount in Rs. 000's)**

| **Particulars** | **For the year ended March 31, 2023** | | | |
|---|---|---|---|---|
| | **Opening balance** | **Recognized in Profit and loss** | **Recognized in OCI** | **Closing balance** |
| Deferred tax assets | **5922** | **10110** | **0** | **16032** |
| Deferred tax liabilities | **39** | **-129** | **0** | **-90** |
| **Deferred tax assets (net)** | **5883** | **10239** | **0** | **16122** |

| **Particulars** | **For the year ended March 31, 2022** | | | |
|---|---|---|---|---|
| | **Opening balance** | **Recognized in Profit and loss** | **Recognized in OCI** | **Closing balance** |
| Deferred tax assets | **0** | **5922** | **0** | **5922** |
| Deferred tax liabilities | **0** | **39** | **0** | **39** |
| **Deferred tax assets (net)** | **0** | **5883** | **0** | **5883** |

***Note on Recoverability of Deferred Tax Assets:** The Management has recognised Deferred Tax Assets on Unabsorbed business losses and other items as there is reasonable certainty that such deferred tax assets can be realised against future taxable profits as per the management forecasts for the future business projections.

**33** On September 20, 2019, vide The Taxation Laws (Amendment) Ordinance, 2019, Section 115BAA was inserted in the Income Tax Act, 1961, which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective Financial Year 2019-20 subject to certain conditions. The Company has presently decided to exercise the said option. Accordingly, the Company has provided for Income Tax for the year ended March 31, 2023 as per the provisions of Income Tax Act, 1961.

**34** Balance of Sundry Debtors, creditors, Loans & Advances and other liabilities are subject to confirmation and reconciliation. Consequential adjustment thereof, if any will be given effect into the books of account in the year of such adjustment. However, in view of the management, it will not have any material impact on the financial statements.

**35** In the opinion of the Board, any of the assets other than property, plant & equipment and non-current investments do have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.

**36** As required by the Ind AS-36 "Impairment of Assets", the Company has carried out the assessment of impairment of assets. There has been no impairment loss during the year.

**37** Company operates as single segment in accordance with Indian Accounting Standard Ind AS 108, Operating Segments as notified under the Companies (Indian Accounting Standard) Rules, 2015.

**38** BeGig has developed an e-commerce platform to facilitate enterprises and tech-freelancers to connect together for provision of services. The freelancers (service providers) would provide the IT services to the customers directly via using the e-commerce platform facilitated by BeGig. The customers would be required to make payment of IT services to BeGig and BeGig will pay the remaining amount to freelancers. The role of BeGig is confined to provision of platform facilitation and the IT services would be directly supplied by the freelancer to the customer. BeGig has no role or responsibility to ensure or provide the IT services. However, initially the invoices were raised in the manner that, Freelancer raises an invoice to BeGig for the IT services provided by freelancer to customer and BeGig raises an invoice to end customer for the same amount and then BeGig raises an invoice for commission to service provider or service recipient, as the case may be. Such commission have been included under Note 18 to Financial statement under other operating revenue. Further, the GST charged by freelancer to BeGig is being availed as ITC by BeGig and is utilized towards payment of output GST liability of BeGig. The same is also being reported in GST returns. Accordingly for better disclosure, both sale & purchase of such Invoices are shown separately under the financial statement under Note 18 & Note 20 amounting to Rs. 41010 each (Last year Rs. 23438). Parallelly from January' 22 Freelancer raises the invoice Directly to customer for the IT services provided by freelancer to customer and then BeGig raises an invoice for commission to service recipient on upfront basis. Such upfront commission have been included under Note 18 to Financial statement under other operating revenue.

**39** As discussed in Note 38 above, from January' 22 Freelancer raises the invoice Directly to customer. The customers make payment of IT services to BeGig and BeGig pay the amount to freelancers. The amount collected by BeGig on behalf of the freelancer is recognized as amount payable to freelancer (liability) in the books of accounts. However the Invoices which are raised by Freelancers directly to the customers till 31.03.2023 but payment of which are not received by BeGig till 31.03.2023 accounting to Rs. 4043 (Last Year Rs. 1044) has not been accounted in the Financial statements neither as receivable and/or payable. Those Invoices shall be recognized in the books of accounts when the payment of same will be received by BeGig from the Customers.

**40** Corporate social responsibility: The Company does not meet the criteria specified in subsection (1) of section135 of the Companies Act,2013, read with Companies [Corporate Social Responsibility (CSR)] Rules, 2014. Therefore it is not required to incur any expenditure on account of CSR activities during the year.

**41** The company has accumulated losses as at 31.03.2023 Rs. 48066 and its net worth has been fully eroded. Further the Company has incurred a net loss of Rs. 30472 during the current year (Previous Year – Rs. 17594) and the company's current liabilities exceeded its current assets. This indicates existence of material uncertainty which may cast significant doubt on companies' ability to continue as a going concern. However, the management has adopted going concern basis of preparation on the basis that the holding company will provide necessary financial support to enable it to realize its asset and discharge its liabilities as and when due.

**42** During the year, Company has received excess advance against provision of Service from its Holding Company i.e. Tech Mahindra Limited. On Such advance given, TDS has been deducted by the Holding Company @10% under section 194JB and Company (Begig) has paid GST on such advance received. Closing balance as on 31.03.2023 of the same has been shown under NOTE-16- Other Current Liabilities under the head Advance from Related Parties .

**43** During the financial year, the Company has NIL Foreign Exchange earning and Foreign Exchange Outflows during the year was Rs. 466 (LY Rs. 920).

**44** The company does not have any immovable properties.

**45** During the year, the company has not revalued its property, plant and equipment and intangible assets.

**46** There are no Capital work in Progress (CWIP) and Intangible Assets under Development as on 31.03.2023 and 31.03.2022.

**47** No proceeding has been initiated or pending against the company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder as at the end of the financial year.

**48** The Company has not sanctioned any working capital limit secured against current assets by any Finance Institutions.

**49** The company was not declared as a willful defaulter by any bank or financial Institution or other lender during the financial year.

**50** The Company do not have any transactions or Outstanding balance with Struck off Companies.

**51** There are no charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period.

**52** Ratio Analysis- Annexed with the financial statements under Note No. 29

**53** The company has not received/advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) through Intermediaries during the financial year.

**54** The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

**55** The Company does not have any transaction that was not recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

**56** Previous year's figures have been re-classified to confirm to this year's classification.

For and on behalf of
**BeGig Private Limited**

| | |
|---|---|
| **HARSHVENDRA SOIN** | **KUNAL PUROHIT** |
| Director | Director |
| DIN: 02917590 | DIN: 09650373 |
| Place: | Place: |
| Date: | Date: |

# TECH MAHINDRA DEFENCE TECHNOLOGIES LIMITED

**Board of Directors**

Mr. Aniruddha Vinayak Gadre

Mr. Jagdish Mitra

Ms. Heena Shah (Appointed w.e.f. 5th April 2023)

Mr. Gautam Shirali (Up to 10th April 2023)

**Registered Office**

Oberoi Garden Estate, Near Chandivali Studio,

Wing-I Andheri (E), Mumbai 400072, India

**Bankers**

Citibank N. A.

Kotak Mahindra Bank

**Auditors**

Ahuja Valecha & Associates LLP

Chartered Accountant

# BOARD'S REPORT

Your Directors present their Second Annual Report together with the audited Accounts of the Company for the year ended March 31, 2023.

### FINANCIAL SUMMARY / RESULTS

| | | | **(Figures in ₹)** |
|---|---|---|---|
| For the year ended | | **March 31st 2023** | March 31st 2022 |
| Revenue from Operations | | **NIL** | NIL |
| Other Income | | **1,46,232** | NIL |
| Expenditure | | **40,34,139** | 4,97,731 |
| Profit/(Loss) Before Tax & Extra Ordinary items | | **(38,87,907)** | (4,97,731) |
| Provision for Taxation | | **NIL** | NIL |
| Deferred Taxes Charge/ (Credit) | | | |
| Profit/ (Loss) after Tax | | **(38,87,907)** | (4,97,731) |
| Profit /(Loss) Carried forward to Balance Sheet | | **(38,87,907)** | (4,97,731) |
| Earning Per Share | Basic | **(3.89)** | (0.50) |
| | Diluted | **(3.89)** | (0.50) |

### BUSINESS OVERVIEW / STATE OF COMPANY'S AFFAIRS

The Company has made substantial progress in obtaining FAR / DFARS / NIST licenses with major documentation work already completed. The Company is expected to get off-set contracts in Defence field once the licence is received.

The Board expects the Commercial operations to begin soon.

### DIVIDEND

In view of no operations of the Company, the Board of Directors did not recommend any dividend for the FY 2022-23.

### RESERVES

The Board does not propose to carry any amount to General Reserves of the Company.

### ACCEPTANCE OF DEPOSITS

Your Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as on the balance sheet date.

### STATUTORY AUDITORS

The members, in the 1st Annual General Meeting (AGM) held on July 20, 2022, appointed Ahuja Valecha & Associates LLP, as the Auditors of the Company, to hold office for a further term of five consecutive years from the conclusion of 1st Annual General Meeting till the conclusion of the Annual General Meeting of the Company for the Financial Year 2026-2027 on such remuneration as may be determined by the Board of Directors.

### AUDITORS REPORT

The Auditor's Report on the Financial Statements of the Company is annexed and forms part of the Annual Report. The Auditor's report does not contain any qualification or observations on the accounts of the Company.

### SHARE CAPITAL

The Company has not issued any equity shares carrying differential rights, sweat equity shares, employee stock options nor provided money for purchase of its own shares by employees or by trustees for the benefit of employees during the financial year. The Company's paid up equity capital is ₹ 10,000,000/- comprising of 1,000,000 equity shares of Face Value ₹ 10/- each.

### ANNUAL RETURN

The Company does not have website and hence the web-link of Annual Return required to be disclosed in this Report pursuant to the provisions of Section 92(3) of the Companies Act, 2013, is not mentioned.

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Provisions related to Corporate Social Responsibility are not applicable to your Company.

**DIRECTORS**

Pursuant to the provisions of Section 152(6)(c) of the Companies Act 2013, Mr. Aniruddha Gadre, Director is liable to retire by rotation and being eligible offers himself for reappointment.

Mr. Gautam Shirali (DIN: 07452020) has resigned as a Director of the Company with effect from 10th April, 2023. Your Board places on record its sincere appreciation for the valuable contribution and timely guidance provided by Mr. Gautam Shirali to the Company during his tenure.

Your Directors co-opted Ms. Heena Shah (DIN: 10099961) as an Additional Director with effect from 5th April, 2023 whose term will end at the ensuing Annual General Meeting. Being eligible, Ms. Heena Shah offers herself for appointment. Your Directors recommend the appointment of Ms. Heena Shah as Director of the Company.

**BOARD AND COMMITTEES OF BOARD**

The Ministry of Corporate Affairs by its Notification dated 13th July, 2017 amended Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014. The provisions in respect of appointment of independent directors on the board of unlisted wholly owned subsidiary Company are no more applicable.

Also such unlisted wholly owned subsidiary Company need not constitute/have Audit Committee and Nomination & Remuneration Committee of the Board.

During the period under review, the Board met four times during the Financial Year 2022-23. The maximum interval between any two meetings did not exceed 120 days as prescribed in the Companies Act, 2013.

**STATEMENT OF COMPLIANCE WITH APPLICABLE SECRETARIAL STANDARDS**

Your Directors state that the Company has complied with the applicable Secretarial Standards during the year under review.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

The Company has not given any loans or guarantees under Section 186 of the Companies Act, 2013. Investments made are within the limits provided under Section 186.

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

The Company has not entered into any transaction with its Related Parties.

**PARTICULARS OF EMPLOYEES**

There are no employees in the Company whose particulars are required to be disclosed in terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**INTERNAL CONTROL SYSTEMS AND ADEQUACY**

Your Company has an adequate system of internal controls commensurate with its size and the nature of its business. It ensures that transactions are authorized, recorded, and reported correctly apart from safeguarding its assets against loss from wastage, unauthorized use and disposition.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to provisions of Section 134(5) of the Companies Act, 2013, your Directors, based on the representation received from the Operating Management, and after due enquiry, confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

(iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the directors have prepared the annual accounts on a going concern basis;

(v) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO**

**1. Conservation of Energy & Technology Absorption**

Since the Company has not commenced its operations, there is nothing to be reported under this section.

**2. Foreign Exchange earnings and outgo**

The foreign exchange earnings of your Company during the year were NIL and outgoings were NIL

**DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Since there are no employees in the Company, no complaints were filed in terms of provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

**ACKNOWLEDGEMENTS**

Your Directors sincearly thank all the members, bankers and consultants for extending their valuable support and co-operation.

**For and on behalf of the Board of Directors**

Place: Pune

Date: 24 April 2023

**Aniruddha Gadre**
Director
(DIN: 07659176)

**Heena Shah**
Director
(DIN: 10099961)

# INDEPENDENT AUDITOR'S REPORT

**To the Members of Tech Mahindra Defence Technologies Limited**

**Report on the Audit of the Standalone Ind AS Financial**

**Statements Opinion**

We have audited the accompanying Ind AS financial statements of Tech Mahindra Defence Technologies Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including the comprehensive income), statement of changes in equity and cash flow statement for the year ended March 31, 2023 and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 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 March 31, 2023, 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements Section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the accompanying Ind AS financial statements.

**Matter of Emphasis**

Without qualifying our opinion, we draw attention to Note no.17 of the notes to accounts on the Company's ability to continue as a going concern, which is dependent on establishing business operations and obtaining continuing financial support from its shareholders. The mitigating factors have been more fully discussed in note to the accompanying IND AS financial statements, in view of which the accompanying Ind AS financial statements have been prepared under the going concern assumption and consequently, no adjustments have been made to the carrying values or classification of balance sheet accounts.

**Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial 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) Rules, 2014. 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 accompanying 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 accompanying 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to the accompanying Ind AS financial statements system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 and
- 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 (Auditors Report) Order 2020 ("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 paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e. On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

f. As per the notification issued by the Ministry of Corporate Affairs dated June 13, 2017 amending the notification number GSR 464 (E), the provisions with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls refer to our separate report in “Annexure B”.

g. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position

   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.

   iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

   b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

   c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above contain any material misstatement; and

   v. No dividend has been declared or paid during the year by the Company.

ffor **Ahuja Valecha & Associates LLP**
**Firm Registration no.: - 126791W/W100132**
**Chartered Accountants**

per Ankit Shah
Partner
Membership No.: 118976
Place: Pune
UDIN: 23118976BGVRDV6852
Date: April 24, 2023

# ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT ON IND AS FINANCIAL STATEMENTS OF TECH MAHINDRA DEFENCE TECHNOLOGIES LIMITED – MARCH 31, 2023

**[Annexure referred to in paragraph under "Report on other legal and regulatory requirements" of the independent audit report]**

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

Re: Tech Mahindra Defence Technologies Limited ('the Company')

(i) The Company does not own any property, plant and equipment or intangible assets which needs to be capitalized in the books of the Company and accordingly, the requirement to report on clause 3(i) (a), (b), (c), (d) and (e) of the Order is not applicable to the Company.

(ii) (a)The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii) (a) of the Order is not applicable to the Company.

(b)The Company has not been sanctioned working capital limits in excess of ₹ five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) During the year the Company has not provided loans, advances in the nature of loans, made any investment nor any guarantee or security or granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("The Act"). Accordingly, Clause 3 (iii)(a), (b), (c), (d), (e) and (f) of the Order are not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of Sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Companies (Auditor's Report) Order is not applicable to the Company.

(vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including income-tax and Goods and Services tax other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. In the current year, there are no dues towards goods and services tax, provident fund, employees' state insurance sales-tax, service tax, duty of customs, duty of excise, value added tax, cess.

(b) There are no dues of goods and service tax, income tax, custom duty and other statutory dues which have not been deposited by the Company with appropriate authorities on account of any dispute.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Companies (Auditor's Report) Order is not applicable to the Company and hence not commented upon.

(ix) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause 3(ix) (a), (b), (c), (d), (e) and (f) of the Order is not applicable to the Company.

(x) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) or made any preferential allotment or private placement or fully or partly convertible debentures under Section 42 and 62 of the Companies Act, 2013 hence, the requirement to report on clause 3(x)(a), (b) of the Order is not applicable to the Company.

(xi) (a) No fraud/ material fraud by the Company or no fraud / material fraud on the Company has been noticed or reported during the year. Accordingly, the requirement to report on clause 3(xi) (a) of the Order is not applicable to the Company.

(b)During the year, no report under sub-Section (12) of Section 143 of the Companies Act, 2013 has been filed by [cost auditor/ secretarial auditor or by us] in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government. Accordingly, the requirement to report on clause 3(xi) (b) of the Order is not applicable to the Company.

(c)As represented to us by the management, there are no whistle blower complaints received by the Company during the year. Accordingly, the requirement to report on clause 3(xi) (c) of the Order is not applicable to the Company.

(xii) The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with Sections 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards. The provisions of Section 177 are not applicable to the Company and accordingly the requirements to report under clause 3(xiii) of the Order insofar as it relates to Section 177 of the Act is not applicable to the Company.

(xiv) The Company does not have an internal audit system and is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clause 3(xiv)(a) and (b) of the Order is not applicable to the Company.

(xv) The Company has not entered into non- cash transactions with directors or persons connected to its directors hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a)The provisions of Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b)The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) (c) and (d) of the Order is not applicable to the Company.

(xvii)The Company has incurred cash losses in the current financial year.

(xviii)There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 19, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Ind AS financial statements, the auditor's knowledge of the Board of Directors and management plans, the auditor is of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

(xx) The provisions of Section 135 to the Act in relation to Corporate Social Responsibility is not applicable to the Company. Accordingly, the requirement to report on clauses 3(xx)(a) and 3(xx)(b) of the Order is not applicable to the Company.

(xxi)The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Company

for **Ahuja Valecha & Associates LLP**
**Firm Registration no.: - 126791W/W100132**
**Chartered Accountants**

per Ankit Shah
Partner
Membership No.: 118976
Place: Pune
UDIN: 23118976BGVRDV6852
Date: April 24, 2023

# 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")**

Referred to paragraph 2(f) in report on other legal and regulatory requirements of the Independent Auditors report to the members of Tech Mahindra Defence Technologies Limited on the Ind AS financial statements for the year ended March 31, 2023.

**Opinion**

We have audited the internal financial controls with reference to Ind AS financial statements of Tech Mahindra Defence Technologies Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2023, 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.

**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 (hereinafter referred to as "the Act").

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, 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 was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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.

**Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

for **Ahuja Valecha & Associates LLP**
Firm Registration no.: - 126791W/W100132
Chartered Accountants

per Ankit Shah
Partner
Membership No.: 118976
Place: Pune
UDIN: 23118976BGVRDV6852
Date: April 24, 2023

TECH MAHINDRA DEFENCE TECHNOLOGIES LIMITED

# BALANCE SHEET AS AT MARCH 31, 2023

**(All amounts are in Rupees Lakhs, unless stated otherwise)**

| | Notes | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Financial assets | | | |
| i. Cash and cash equivalents | 3 | **63.80** | 100.00 |
| iii. Other Financial Assets | 4 | **25.76** | - |
| Current Tax Assets | 5 | **0.15** | - |
| Other Current Assets | 6 | **6.59** | - |
| **Total current assets** | | **96.30** | 100.00 |
| **Total assets** | | **96.30** | 100.00 |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 7 | **100.00** | 100.00 |
| **Other equity** | 8 | **(43.86)** | (4.98) |
| **Total equity** | | **56.14** | 95.02 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| i. Trade payables | | | |
| (a) Total outstanding dues of micro and small enterprises | 9 | **-** | - |
| (b) Total outstanding dues of creditors other than micro and small enterprises | 9 | **34.58** | 4.98 |
| Other Current Liabilities | 10 | **5.58** | - |
| | | **-** | - |
| **Total current liabilities** | | **40.16** | 4.98 |
| **Total equity and liabilities** | | **96.30** | 100.00 |
| Summary of significant accounting policies | 2 | | |

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Statements.

**For Ahuja Valecha & Associates LLP**
Chartered Accountants
Firm Reg. No.126791W/W100132

**For and on behalf of the Board of Directors of**
**Tech Mahindra Defence Technologies Limited**
CIN: U72900MH2021PLC364803

Ankit Shah
Partner
Membership no.: 118976

**Ms. Heena Shah**
Director
DIN No: 10099961

**Aniruddha Garde**
Director
DIN No: 07659176

Place: Pune
Date: 24 April 2023

Place: Pune
Date: 24 April 2023

Place: Pune
Date: 24 April 2023

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

**(All amounts are in Rupees Lakhs, unless stated otherwise)**

| Particulars | Notes | **For the year ended March 31, 2023** | For the period ended July 28, 2021 to March 31, 2022 |
|---|---|---|---|
| Revenue from operations | | **-** | - |
| Other Income | 11 | **1.46** | - |
| **Total income** | | **1.46** | - |
| **Expenses** | | | |
| Other expenses | 12 | **40.34** | 4.98 |
| **Total expenses** | | **40.34** | 4.98 |
| **Profit/ (loss) before tax** | | **(38.88)** | (4.98) |
| **Income tax expense** | | | |
| Current tax | | **-** | - |
| Deffered Tax | | **-** | - |
| **Total tax expense** | | **-** | - |
| **Profit/(loss) for the year** | | **(38.88)** | (4.98) |
| Other comprehensive income | | **-** | - |
| Tax Effect on Other comprehensive income | | **-** | - |
| **Total comprehensive income for the year** | | **(38.88)** | (4.98) |
| **Earnings per equity share (Nominal Value of share ₹10)** | | | |
| Basic | 14 | **(3.89)** | (0.50) |
| Diluted | | **(3.89)** | (0.50) |
| Summary of significant accounting policies | 2 | | |

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Statements.

**For Ahuja Valecha & Associates LLP**
Chartered Accountants
Firm Reg. No.126791W/W100132

**For and on behalf of the Board of Directors of**
**Tech Mahindra Defence Technologies Limited**
CIN: U72900MH2021PLC364803

Ankit Shah
Partner
Membership no.: 118976

Place: Pune
Date: 24 April 2023

**Ms. Heena Shah**
Director
DIN No: 10099961

Place: Pune
Date: 24 April 2023

**Aniruddha Garde**
Director
DIN No: 07659176

Place: Pune
Date: 24 April 2023

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

**(All amounts are in Rupees Lakhs, unless stated otherwise)**

| Particulars | **Year ended March 31, 2023** | Year ended March 31, 2022 |
|---|---|---|
| **Cash Flows from Operating activities** | | |
| Profit before taxation | **(38.88)** | (4.98) |
| Consider in other activity: | | |
| Interest income | **(1.46)** | - |
| **Operating profit before working capital changes** | **(40.34)** | (4.98) |
| **Working capital changes:** | | |
| (Increase)/Decrease in other current assets | **(6.59)** | - |
| (Decrease) / Increase in trade payable | **29.61** | 4.98 |
| (Decrease) / Increase in other current liabilities | **5.58** | - |
| **Cash generated from operations** | **(11.75)** | - |
| Income taxes paid | | |
| **Net cash flow from /(used in) operating activities** | **(11.75)** | - |
| **Cash flows from investing activities** | | |
| Purchase of Fixed Deposits | **(50.00)** | - |
| Fixed Deposits matured | **25.00** | - |
| Interest received | **0.55** | - |
| **Net cash flow from /(used in) investing activities** | **(24.45)** | - |
| **Cash flows from financing activities** | | |
| Proceeds from issue of equity shares | **-** | 100.00 |
| **Net cash flow from /(used in) financing activities** | **-** | 100.00 |
| **Net increase / (decrease) in cash and cash equivalents** | **(36.20)** | 100.00 |
| **Cash and cash equivalents at beginning of year** | **100.00** | - |
| **Cash and cash equivalents at end of year** | **63.80** | 100.00 |
| Cash and cash equivalents comprise of : | | |
| Cash on hand | **-** | - |
| Balances with banks | **63.80** | 100.00 |
| Cash and cash equivalents (Net) | **63.80** | 100.00 |

**For Ahuja Valecha & Associates LLP**
Chartered Accountants
Firm Reg. No.126791W/W100132

Ankit Shah
Partner
Membership no.: 118976

Place: Pune
Date: 24 April 2023

**For and on behalf of the Board of Directors of**
**Tech Mahindra Defence Technologies Limited**
CIN: U72900MH2021PLC364803

**Ms. Heena Shah**
Director
DIN No: 10099961

Place: Pune
Date: 24 April 2023

**Aniruddha Garde**
Director
DIN No: 07659176

Place: Pune
Date: 24 April 2023

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in Rupees Lakhs, unless stated otherwise)

| **A. Equity share capital:** | | **As at March 31, 2023** | | As at March 31, 2022 | |
|---|---|---|---|---|---|
| **Equity Shares of ₹10 each issued, subscribed and fully paid up** | Notes | **No. of shares** | **Amount** | No. of shares | Amount |
| Opening | | **1,000,000** | **100** | - | - |
| Issued during the year | | **-** | **-** | 1,000,000 | 100 |
| As at March 31 | 4 | **1,000,000** | **100** | 1,000,000 | 100 |

| **B. Other equity** | | **As at March 31, 2023** | | As at March 31, 2022 | |
|---|---|---|---|---|---|
| | Notes | **Retained earnings** | **Total other equity** | Retained earnings | Total other equity |
| Opening | | **(4.98)** | **(4.98)** | - | - |
| Net profit / (loss) after tax | 5 | **(38.88)** | **(38.88)** | (4.98) | (4.98) |
| Other Comprehensive Income/(Loss),net of tax | | **-** | **-** | - | - |
| **As at March 31** | | **(43.86)** | **(43.86)** | (4.98) | (4.98) |

The above statement should be read with basis of preparation, significant accounting policies and notes forming part of the Financial Statements.

**For Ahuja Valecha & Associates LLP**
Chartered Accountants
Firm Reg. No.126791W/W100132

**For and on behalf of the Board of Directors of**
**Tech Mahindra Defence Technologies Limited**
CIN: U72900MH2021PLC364803

**Ankit Shah**
Partner
Membership no.: 118976

**Ms. Heena Shah**
Director
DIN No: 10099961

**Aniruddha Garde**
Director
DIN No: 07659176

Place: Pune
Date: 24 April 2023

Place: Pune
Date: 24 April 2023

Place: Pune
Date: 24 April 2023

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

**1. Corporate Information**

Tech Mahindra Defence Technologies Limited ("the Company") is the Company limited by shared incoprorated in India, with its registered office situated at Oberoi Garden Estate Nr Chandivali Studio, Wing-I Andheri (E) Mumbai Mumbai City MH 400072 incorporated on July 28, 2021. The company provides information technology enabled services to Defence engineering, aerospace, and aviation sectors in India or elsewhere. The Company caters to both domestic and international markets.

**2. Basis of preparation and Significant Accounting Policies**

This note provides basis of preparation and significant accounting policies adopted in the preparation of these Financial Information and have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of preparation**

These financial statements have been prepared on historical cost basis, except for certain financial assets and liabilities that are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the considerations given in exchange for goods and services.

**2.2 Significant Accounting Policies**

Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when it is:

· Expected to be realised or intended to be sold or consumed in the normal operating cycle;

· Held primarily for the purpose of trading;

· Expected to be realised 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 assets.

A liability is current when:

· It is expected to be settled in the normal operating cycle;

· It is held primarily for the purpose of trading;

· It is 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

All other liabilities as Non-current liabilities.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle of the Company is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. Based on the nature of products and the time between the acquisitions of assets for processing and their realization in cash and cash equivalents, the company has ascertained operating cycle of 12 months for the purpose of current and non-current classification of assets and liabilities. Since the company has not started business operations, management has decided to not recognise deferred tax.

The functional currency of the Company is INR.

**Use of estimates and judgements**

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the period presented.

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 future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of, useful lives of property, plant and equipment, provision for warranty, variable consideration in revenue, and provisions and contingent liabilities. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

**2.3 Revenue from contracts with Customers**

Ind AS 115 Revenue from contracts with customers has been issued with effect from April 1, 2018. The new standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

A new five-step process must be applied before revenue can be recognised:\

(i) identify contracts with customers

(ii) identify the separate performance obligation

(iii) determine the transaction price of the contract

(iv) allocate the transaction price to each of the separate performance obligations, and

(v) recognise the revenue as each performance obligation is satisfied.

**Rendering of services**

The business activities of the Company has not yet started during the year. Revenue from services will be recognized as and when the services are rendered and the related costs are incurred.

**2.4 Other income**

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest Income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset's net carrying amount on initial recognition.

**2.5 Foreign Currency**

**Functional and presentation currency**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in Indian rupees (INR), which is functional and presentation currency of the Company

**Transactions and balances**

Transactions in currencies other than the Company's functional currency are recognized at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the reporting date. Non-monetary assets and liabilities denominated in a foreign currency are translated using the exchange rate prevailing at the date of initial recognition (in case measured at historical cost) or at the rate prevailing at the date when the fair value is determined (in case measured at fair value).

Foreign exchange differences are recognized in profit or loss in the period in which they arise except for exchange difference on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest cost on those foreign currency borrowings and exchange differences on transactions entered into in order to hedge foreign currency risks.

## 2.6 Taxation

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 recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Income tax expense represents the sum of the tax currently payable and deferred tax.

**Current income tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit intends to settle the asset and liability on a net basis.

**Deferred income taxes**

Deferred tax is recognized using the balance sheet approach. Deferred 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.

Deferred income tax asset is recognized to the extent that 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. 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 tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## 2.7 Provisions

**General**

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates

**Onerous Contracts:**

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

**2.8 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.

**2.9 Financial instruments**

**Financial assets:**

**Initial recognition and measurement:**

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction cost directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

**Subsequent Measurement:**

**Debt instruments**

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments

- **Financial assets at amortized cost**

  Financial assets that are held within a business model whose objective is to hold assets for collecting contractual cash flows and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance income in the statement of profit and loss.

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

  Financial assets that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets and the assets' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding are subsequently measured at fair value. Fair value movements are recognized in other comprehensive income.

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

  Any financial asset which does not meet the criteria for categorization as financial instruments at amortized cost or as FVTOCI, is classified as financial instrument at FVTPL. Financial instruments included within the FVTPL category are subsequently measured at fair value with all changes recognized in the statement of profit and loss."

**Equity instruments**

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss.

Dividends from such investments are recognised in profit or loss as other income when the company's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

- **Derecognition**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, if any, is recognised in profit or loss.

- **Reclassification of financial assets**

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. Changes to the business model are expected to be infrequent."

**Financial liabilities:**

Initial recognition and measurement

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**Subsequent measurement**

For the purpose of subsequent measurement, financial liabilities are classified as:

- **Financial liabilities at amortized cost**

Financial liabilities such as loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. The change in measurements are recognized as finance costs in the statement of profit and loss.

- **Financial liabilities at fair value through profit or loss (FVTPL)**

Financial liabilities include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss if the recognition criteria as per Ind AS 109 – "Financial Instruments" are satisfied. Gains or losses on liabilities held for trading are recognized in statement of profit and loss. Fair value gains or losses on liabilities designated as FVTPL attributable to changes in own credit risk are recognized in other comprehensive income. All other changes in fair value of liabilities designated as FVTPL are recognized in the statement of profit and loss. The Company has not designated any financial liability as at FVTPL.

- **Derecognition**

The Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in profit or loss."

**Derivative financial instruments:**

Forward exchange contracts not intended for trading or speculation purposes, classified as derivative financial instruments. The Company uses derivative financial instruments such as forward exchange contracts to hedge its risks associated with foreign currency fluctuations. Such derivative contracts are not designated as hedges and are accounted for at Fair Value through Profit and Loss. There are no derivative financial instruments outstanding as on year end."

**Offsetting of financial instruments:**

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously."

**2.10 Impairment**

**(i) Financial assets (other than at fair value)**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired.

Ind AS 109 requires expected credit losses to be measured through a loss allowance. Company performs credit assessment for customers on an annual basis. Company recognizes credit risk, on the basis of lifetime expected losses and where receivables are due for more than six months. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**(ii) Non-Financial Assets**

Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**2.11 Earnings per share**

**(a) Basic earnings per share**

Basic earnings per share is calculated by dividing :

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year.

**(b) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares; and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**2.12 Cash flow statement**

The Cash Flow Statement is prepared by the indirect method set out in Ind AS 7 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company.

**2.13 Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents consist of cash and cash equivalent, as defined above, net of outstanding bank overdrafts if they are considered an integral part of the Company's cash management.

**2.14 Fair value measurement**

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell an asset or transfer the liability takes place either:

- In the principal market for the asset or liability.

- In the absence of principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

**(All amounts are in Rupees Lakhs, unless stated otherwise)**

| 3 | Cash and cash equivalents | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| | Balances with bank *: | | |
| | In current accounts | **63.80** | 100.00 |
| | In Deposit Account (Original maturity less than 3 months) | **-** | - |
| | **Total** | **63.80** | 100.00 |

**There are no restrictions with regards to cash and cash equivalents as at the end of the reporting period and prior periods.**

| 4 | Other Financial Assets | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| | Fixed deposits with bank with a maturity of more than 3 months less than one year | **25.00** | - |
| | Interest receivable on Fixed Deposits | **0.76** | - |
| | **Total** | **25.76** | - |

| 5 | Current Tax Assets | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| | TDS Receivable | **0.15** | - |
| | **Total** | **0.15** | - |

| 6 | Other Current Assets | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| | a) Balance with Government Authorities | | |
| | GST Receivable | **6.59** | - |
| | **Total** | **6.59** | - |

| 7 | Equity Share Capital | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| | **Authorized**: | | |
| | 30,00,000 (PY 30,00,000) ordinary equity shares of ₹10 each | **300.00** | 300.00 |
| | | **300.00** | 300.00 |
| | **Issued, subscribed and paid up:** | | |
| | 10,00,000 (PY 10,00,000) ordinary equity shares of ₹10 each | **100.00** | 100.00 |
| | | **100.00** | 100.00 |

Number of shares have been disclosed in absolute terms.

| a) | Movement in Subscribed and Paid-up Equity Share Capital | | |
|---|---|---|---|
| | Equity Shares | | |
| | Equity shares outstanding at the beginning of the year | 10.00 | - |
| | Additional equity shares allotted | - | 10.00 |
| | Equity shares outstanding at the end of the year | 10.00 | 10.00 |

**b) Rights, preferences and restrictions attached to Equity Shares**

The Company has one class of equity shares having a par value of ₹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 shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(i) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c) Details of Shareholders holding more than 5% Equity Shares in the Company**

| Name of the Shareholder | Numbers of shares | % holding |
|---|---|---|
| Tech Mahindra Limited | 999,994 | 99.99% |
| | 999,994 | 99.99% |

**d) Details of shareholding of promoters in the company**

| | As at March 31, 2023 | |
|---|---|---|
| Name of the Shareholder | Numbers of shares | % holding |
| Tech Mahindra Limited | 999,994 | 99.99% |
| | 999,994 | 99.99% |

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **8 Other Equity** | | |
| Opening balance | **(4.98)** | - |
| Add: Loss for the year | **(38.88)** | (4.98) |
| **Closing balance** | **(43.86)** | (4.98) |

**Retained earnings**

The cumulative gain or loss arising from the operations which is retained by the company is recognised and accumulated under the heading ""Retained Earnings"". At the end of the year, the profit after tax and Other comprehensive income is transferred from the statement of profit and loss to retained earnings.

| | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **9 Trade payables** | | |
| (a) Total Outstanding dues of micro enterprises and small enterprises (refer note 16) | **-** | - |
| (b) Total Outstanding dues of creditors other than micro enterprises and small enterprises | **34.58** | 4.98 |
| **Total** | **34.58** | 4.98 |

| Particulars | Outstanding as on March 31, 2023 from due date of payments | | | | | | |
|---|---|---|---|---|---|---|---|
| | Unbilled | Not due | Less than 1 year | 1-2 yrs. | 2-3 yrs. | More than 3 years | Total |
| MSME | - | - | - | - | - | - | - |
| Others | - | - | 34.58 | - | - | - | 34.58 |
| Disputed dues- MSME | - | - | - | - | - | - | - |
| Disputed dues- Others | - | - | - | - | - | - | - |
| **Total** | - | - | 34.58 | - | - | | 34.58 |

| Particulars | Outstanding as on March 31, 2022 from due date of payments | | | | | | |
|---|---|---|---|---|---|---|---|
| | Unbilled | Not due | Less than 1 year | 1-2 yrs. | 2-3 yrs. | More than 3 years | Total |
| MSME | - | - | - | - | - | - | - |
| Others | - | - | - | - | - | - | - |
| Disputed dues- MSME | - | - | - | - | - | - | - |
| Disputed dues- Others | - | - | - | - | - | - | - |
| **Total** | - | - | - | - | - | | - |

| | | As at | As at |
|---|---|---|---|
| **10** | **Other Current Liabilities** | **March 31, 2023** | March 31, 2022 |
| | Statutory dues | **5.58** | - |
| | Total | **5.58** | - |

| | | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| **11** | **Other Income** | | |
| | Interest On Fixed Deposit | **1.46** | - |
| | **Total** | **1.46** | - |

| | | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| **12** | **Other expenses** | | |
| | Legal and other professional fees | **38.25** | 0.30 |
| | Preliminary expenses | **-** | 4.68 |
| | Statutory Audit Fees | **0.50** | - |
| | Rates and Taxes | **1.59** | - |
| | Miscellaneous Expenses | **0.00** | - |
| | **Total** | **40.34** | 4.98 |

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **12 a) Details of payment to auditors** | | |
| Payment to auditors | | |
| As auditor: | | |
| a. Audit Fees | 0.50 | 0.30 |
| b. Others | - | - |
| **Total** | 0.50 | 0.30 |

**13 Contingent liabilities**

The Company has no contingent liabilities as at the year end.(Previous year: Nil)

| **14 Earnings per share (EPS)** | **March 31,2023** | March 31, 2022 |
|---|---|---|
| Net loss after tax | **(39)** | (5) |
| Basic and diluted earnings per share : | | |
| Weighted average number of equity shares outstanding during the year | **1,000,000** | 1,000,000 |
| Earnings per Share | **(3.89)** | (0.50) |

**15 Capital and other commitments**

There are no capital and other commitments at the end of the year.

**16 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006**

The company did not owe any sum exceeding ₹ 1lac and outstanding for more than 30 days as on March 31st, 2023 to Small Scale Industrial undertakings within the meaning under clause (j) of Section 3 of the Industrial(Development & Regulation) Act,1951.

**17** The commercial activities of the Company has not yet started during the year, further, there are no employees in the Company. The Company has prepared forecasts for the next year and the contracts with the new customers is under progress which the management believes to be crystalised in the ensuing financial year. Further, the Company has been able to meet its obligations in the ordinary course of business and the holding company is committed to provide financial support to the Company as and when required. Accordingly these financial statements have been prepared assuming that the Company will continue as a going concern.

**18 Related party disclosures**

In accordance with the requirements of Ind AS 24, there are no transactions entered with the related party during the year. Following are details of the related parties of the company

**A Names of related parties and description of relationship**

**(i) Related Parties**

| **Key Management Personnel:** | |
|---|---|
| Ms. Heena Shah | Director (appointed with effect from April 5, 2023) |
| Gautam Shirali | Director (resigned with effect from April 10, 2023) |
| Aniruddha Garde | Director |
| Jagdish Mitra | Director |
| Tech Mahindra Limited | Holding Company |

**(ii) Names of Related Parties with whom transaction have taken place during the year ended March 31, 2023**

| | **March 31, 2023** | March 31, 2022 |
|---|---|---|
| Tech Mahindra Limited | | 9,999,940 |
| Gautam Shirali | | 10 |
| Aniruddha Garde | | 10 |

**(iii) Details of related party transactions during the year ended March 31, 2023**

| Particulars | **March 31, 2023** | March 31, 2022 |
|---|---|---|
| Issue of Equity Shares | **-** | 9,999,960 |

**19 Ratio Analysis: (All amounts are in Rupees Lakhs, unless stated otherwise.)**

| Particulars | Numerator/ Denominator | Numerator | Denominator | As at March 31, 2023 | Numerator | Denominator | As at March 31, 2022 | % change |
|---|---|---|---|---|---|---|---|---|
| Current Ratio | Current Assets/ Current Liabilities | 96.30 | 40.16 | 2.40 | 100.00 | 4.98 | 20.09 | 140% |
| Return on Equity Ratio | PAT / Average shareholder's equity | (38.88) | 75.58 | (0.51) | (4.98) | 50.00 | (0.10) | 417% |
| Return on Capital Employed | EBIT / [Net worth+total debt+deferred tax liability] | (38.88) | 56.14 | (0.69) | (4.98) | 95.02 | (0.05) | 1222% |

**Note: Following ratios are not applicable to the company**

Debt Service Coverage Ratio
Inventory Turnover Ratio
Trade Receivables Turnover Ratio
Trade Payable Turnover Ratio
Net Capital Turnover Ratio
Net Profit Ratio

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2023

(All amounts are in Rupees Lakhs, unless stated otherwise)

**20** Debit and credit balances of Trade Payables, Trade Receivables and Loans and Advances to the extent not confirmed are subject to confirmation and reconciliation with the parties as at March 31, 2023.

**21** The Company's business does not require maintenance of inventories.

**22** The Company is in the process of reconciling the balance as per books with the GST Returns. The Company does not expect any impact on account of it.

**23** The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

**24** The Company do not have any transactions with companies struck off.

**25** The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

**26** The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

**27** The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of The Company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

**28** The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that The Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

**29** The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

**30** Since there are no employees in the Company, no disclosure has been given for employee related benefits.

**31** Previous year figures:

Previous year numbers are regrouped / rearranged to confirm to current year presentation. Further, the previous year numbers are for a period less than a year and hence not strictly comparable with current year.

As per our report of even date

**For Ahuja Valecha & Associates LLP**
Chartered Accountants
Firm Reg. No.126791W/W100132

**For and on behalf of the Board of Directors of**
**Tech Mahindra Defence Technologies Limited**
**CIN: U72900MH2021PLC364803**

Ankit Shah
Partner
Membership no.: 118976

Place: Pune
Date: 24 April 2023

**Ms. Heena Shah**
Director
DIN No: 10099961

Place: Pune
Date: 24 April 2023

**Aniruddha Garde**
Director
DIN No: 07659176

Place: Pune
Date: 24 April 2023

# COMVIVA TECHNOLOGIES LIMITED

**Board of Directors**

Mr. Vivek Satish Agarwal – Non-Executive Director & Chairman
Mr. Manoranjan Mohapatra – Whole-time Director (w.e.f July 22, 2022) & CEO
Mr. Manishkumar Murlimanohar Vyas - Non-Executive Director
Mr. Jagdish Mitra - Non-Executive Director
Mr. Rajat Mukherjee - Independent Director
Ms. Sunita Umesh - Independent Director

**Committees of the Board**

**Audit Committee**

Ms. Sunita Umesh, Chairperson
Mr. Jagdish Mitra
Mr. Rajat Mukherjee

**Nomination and Remuneration Committee**

Ms. Sunita Umesh, Chairperson
Mr. Vivek Satish Agarwal
Mr. Rajat Mukherjee

**Corporate Social Responsibility Committee**

Mr. Rajat Mukherjee, Chairman
Ms. Sunita Umesh
Mr. Jagdish Mitra

**Auditors**

M/s. BSR & CO. LLP, Chartered Accountants
8th floor, Business Plaza, Westin Hotel Campus,
36/3-B, Koregaon Park Annex, Mundhwa Road,
Ghorpadi, Pune - 411001, India

**Bankers**

IDBI Bank Limited
HDFC Bank Limited
ICICI Bank Limited
Standard Chartered Bank

**Registered Office:**

5th, 7th & 8th Floor, Capital Cyberscape, Sector-59, Golf
Course Extension Road, Gurugram, Haryana-122102

# DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty Forth Annual Report with the audited financial statements of the Company for the financial year ended March 31, 2023.

### (a) FINANCIAL SUMMARY/ HIGHLIGHTS: (STANDALONE)

**Figures in ₹ Million**

| FINANCIAL RESULTS | 2022-23 | 2021-22 |
|---|---|---|
| Total Income | 8999 | 7032 |
| Profit before Depreciation & Taxation | 1480 | 1795 |
| (-) Depreciation | 263 | 255 |
| Profit before Taxation | 1217 | 1540 |
| (-) Provision for Income Tax | 698 | (1098) |
| (-) Deferred Tax Reversal /(charge) | 3 | (3) |
| Profit for the period | 516 | 439 |
| EPS Basic (₹) | 22.72 | 20.08 |
| EPS Diluted (₹) | 22.72 | 20.08 |

### (b) FINANCIAL SUMMARY/ HIGHLIGHTS: (CONSOLIDATED)

| | Figures in ₹ Million | |
|---|---|---|
| FINANCIAL RESULTS | 2022-23 | 2021-22 |
| Total Income | 12806 | 9014 |
| Profit before Depreciation & Taxation | 1635 | 2026 |
| (-) Depreciation | 507 | 320 |
| Profit before Taxation | 1128 | 1707 |
| (-) Provision for Income Tax | 853 | (1128) |
| (-) Deferred Tax Reversal /(charge) | (363) | (7) |
| Profit for the period | 638 | 572 |
| EPS Basic (₹) | 28.15 | 26.17 |
| EPS Diluted (₹) | 28.15 | 26.17 |

*Above results also include figures from discontinued operations.

### BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR/STATE OF COMPANY'S AFFAIRS

Total Income for the year 2022-23 is ₹ 8999 Mn as against ₹ 7032 Mn in previous year.

In the concluded Financial Year 2022-23, companies faced challenges in the form of extremely high attrition and inflated salaries. Despite the two front impact the Company was able to achieve growth in revenue performance with growth in Digital Business Support Solution, Consumer Value Management, Microlending and Financial Solutions. There has been a good growth in Order Book with MENA region bouncing back and growth in our key accounts like Airtel and MTN. We have started focusing more on Europe and North America region to expand for our products and expect a good traction there in the coming year.

Order book of our traditional products like MobiLytix Marketing Studio, Mobiquity Pay® and Digital BSS continues to be strong. We have seen significant traction in the market for our MobiLytix Marketing Studio portfolio with several new customers. The Company's strategy of focusing on key accounts for cross-sell / up-sell of new products continues to produce good results. The Company continues to invest in new products such as YABX and 5G, which are expected to contribute to revenue growth in coming years.

For the next Financial Year, the Company is expected to grow significantly from current levels on account of higher demand for products, continued focus on the developing markets and in leveraging its existing customer relationships and continued innovation and diversification into non-telco markets such as BFSI & retail industry through extension of its existing product portfolio as well as new products and services which are yielding good results. Along with the continued investment in its existing product portfolio, the Company is also looking to grow inorganically in the coming years through some strategic acquisitions.

The Company has been regularly participating in international events to take its visibility outside India to greater heights and has been able to achieve significant recognition internationally and nationally.

The Company won 21 prestigious industry awards and recognitions over the last year. Won the Juniper Research Fintech & Payments Awards in the "Best Mobile Money Offering" category for Airtel Money Pay service; Leading Light Awards for the Outstanding Use Case: Service Provider AI for MobiLytix AIx; Won Silver at the Digital Impact Awards in the "Financial Services Digital Excellence" category for Airtel Uganda; IBS Intelligence Global FinTech Innovation Awards 2022 - Won in 2 categories "Best Retail Payments System Implementation" & "Most Innovative Digital Wallets Deployment"; Asia Communication Awards in the "OSS/BSS Project of the Year"; Golden Peacock Innovation Award for BlueMarble Solution; Global Artificial Intelligence Award 2022 in the "Best Use of Predictive/Prescriptive Analytics" category; ET Datacon Award 2022 for "Innovative Use Cases of Analytics/ AI/ ML" category; Global Fintech Awards 2022 in the Best 'Buy Now Pay Later' Solution for Yabx; Asia Fintech Awards 2022 in the 'LendTech of the Year' category for Yabx; Pacific Islands FinTech Innovation Challenge 2022 – Yabx won the award for 'Increasing usage of financial products and services in Solomon Islands'.

Comviva also won the awards for HR Excellence, CSR and Learning initiatives which includes, Golden Peacock Awards for HR Excellence 2022; Brandon Hall HCM Excellence Gold Award in the 'Best Advance in Corporate Culture Transformation' category; Times Ascent Dream Companies to Work For by World HRD Congress; Indian CSR Award 2022 in the "Best Primary Education Initiative" under Education Initiative of the Year category; Won five awards at L&D Confex & Awards 2023 in the following categories - Best Blended Learning Strategy of the Year, Best Innovation in L&D, Best Learning Management System, Best Onboarding Program of the Year, Best use of technology implementation in learning & Development

**CHANGE IN THE NATURE OF BUSINESS, IF ANY:**

There is no change in the nature of the business of the Company during the Financial Year 2022-23.

**DIVIDEND**

Your Directors believe that there are tremendous growth opportunities for the Company and therefore the Company must invest in further expanding and strengthening its business operations. With a view to conserve cash to fund the growth, the Directors do not recommend any dividend on Equity Shares for the year ended March 31, 2023. The Directors believe that this will increase shareholder value in the long term.

**TRANSFER TO RESERVE**

The entire number of profits has been transferred to reserves.

**MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAS OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENT RELATES AND THE DATE OF THE REPORT:**

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the financial statement relates and the date of this Report.

**DEPOSITS**

Company has not accepted any deposits from the public and is therefore not required to furnish information in respect of outstanding deposits under Chapter V of the Companies Act, 2013.

**STATUTORY AUDITORS**

The members at the 23rd Annual General Meeting (AGM) held on July 21, 2022, re-appointed B S R & Co. LLP, Chartered Accountants with Registration no. 101248W/W- 100022 as the Statutory Auditors of the Company to hold office for second term of five years from the conclusion of the 23rd AGM until the conclusion of the 28th AGM of the Company for the financial year 2026-27, on such remuneration as may be determined by the Board of Directors.

**AUDITOR'S REPORT**

There are no qualifications, reservation or adverse remark or disclaimer made in the audit report for the Financial Year 2022-23 by M/s. BSR & Co, LLP.

There are no frauds reported by the auditors under sub-section (12) of section 143 of the Companies Act, 2013.

**SECRETARIAL AUDITOR'S REPORT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s RMG & Associates, Company Secretaries, New Delhi to undertake the Secretarial Audit of the Company for the Financial Year 2022-23. The Secretarial Audit Report is enclosed as **Annexure 1** to this report. The Secretarial Audit Report contains no qualification.

**SHARE CAPITAL**

The Authorized share capital of the Company is ₹ 33,50,00,000/- (Rupees Thirty-Three Crores and Fifty Lakhs) divided into 2,55,00,000 (Two Crore Fifty-Five Lacs) Equity Shares of ₹10/- (Rupees Ten) each and 80,00,000 (Eighty Lacs) Series A - 0.001% Fully Convertible and Non-Cumulative Preference Shares of ₹ 10/- each.

As on March 31, 2023, the issued and paid-up share capital is of the Company is ₹ 24,34,32,260/- (Rupees Twenty-Four Crores Thirty-Four Lakhs Thirty-Two Thousand Two Hundred and Sixty) divided into 2,43,43,226 (Two Crores Forty-Three Lakhs Forty-Three Thousand Two Hundred and Twenty-Six) Equity Shares of ₹ 10/- each.

The Board of Directors in their meeting held on October 28, 2022, offered Equity Shares on Rights Basis to existing shareholders. Consequently, the Board of Directors allotted 24,74,226 (Twenty-Four Lakhs Seventy-Four Thousand Two Hundred and Twenty-Six) Equity Shares to Tech Mahindra Limited, being the sole eligible applicant, on December 01, 2022, at a premium of ₹ 960/- per Equity Shares. Accordingly, the paid-up Share Capital was increased by ₹ 2,47,42,260 (Two Crores Forty-Seven Lakhs Forty-Two Thousand Two Hundred and Sixty) during the Financial Year 2022-23.

**EMPLOYEES STOCK OPTION PLANS**

Company has no ESOP Schemes implemented for the employees as on the date of this Report.

**ANNUAL RETURN**

Pursuant to the provisions of Section 92(3) read with Section 134(3) (a) of the Companies Act, 2013, the Annual Return in Form MGT-7 is available at the weblink: www.comviva.com.

**NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

The Board of Directors met four (4) times on May 03, 2022, July 22, 2022, October 28, 2022, and January 25, 2023, during the Financial Year 2022-23 and the notices convening meeting of the Board were duly sent to all the Directors.

Further, four (4) meetings of Audit Committee were held during the Financial Year 2022-23 whereas two (2) meetings each of Nomination and Remuneration Committee and Corporate Social Responsibility (CSR) Committee were held on the following dates:

| Meeting | Date(s) of Meeting |
|---|---|
| Audit Committee Meeting | May 03, 2022, July 22, 2022, October 28, 2022, and January 25, 2023 |
| Nomination and Remuneration Committee | May 03, 2022, and July 22, 2022. |
| CSR Committee | May 03, 2022, and January 25, 2023 |

Further, one (1) meeting of the Independent Directors was held on March 14, 2023, for the Financial Year 2022-23.

**PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO UNDER SECTION 134(3)(m)**

**(A) CONSERVATION OF ENERGY**

a) The Steps Taken or Impact on Conservation of Energy:

Conservation of energy is of utmost significance to the Company. Operations of the Company are not energy intensive. However, every effort is made to ensure optimum use of energy by using energy-efficient computers, processes and other office equipment. Constant efforts are made through regular / preventive maintenance and upkeep of existing electrical equipment to minimize breakdowns and loss of energy.

b) The Steps Taken by the Company to Utilize Alternate Sources of Energy:

As Company has taken all their premises on lease, alternate source of energy could not be installed.

c) The Capital Investment on Energy Conservation Equipment:

There is no capital investment on energy conservation equipment.

**(B) TECHNOLOGY ABSORPTION**

(i) The Efforts Made Towards Technology Absorption

The Company is continuously making efforts for induction of innovative technologies and techniques required for the business activities.

Details of Technology Absorption are given as follows:

- **Research and Development (R&D)**

(a) Specific Area in which R&D carried out by the Company.

Company continues to do R&D in the areas of mobile commerce, content and data. As such Company continues to enrich its strong product portfolio in these domains through mobile banking, analytics, and rich engagement, communication, content and delivery platforms.

Company, after having surpassed its vision of touching billion lives through its offerings, has embarked on a vision of building 'Mobility solutions that transforms lives'. The three main pillars of its R&D efforts are around 'Commerce, Content, and Data' and adjunct focus areas are Customer Value Solutions and Managed Services.

R&D primarily consists of below activities in all the products and new innovative MVP's:

(1) New product development

(2) Creating new features and upgrades / version of existing product as per either internal product roadmap, or customer requirement and

(3) Development work by the Core Engineering Team called as SET on the re-usable common components, engineering practices and innovative prototypes that are utilized as part / addition to products developed by the various domain specific product units.

R&D involves rapid prototyping of new products and features in existing products that address the needs of our customers in the market. Focus is around new features, designs, frameworks and methodologies that continue to be of importance to the Company. It not only allows enhancing quality of products and customer satisfaction but also enhances the revenues of customer satisfaction through robust and innovative products.

(ii) The benefits derived like Product Improvement, Cost Reduction, Product Development or Import Substitution;

Continuous R&D is instrumental in building expertise and increasing revenues through enhancement in functionalities and introduction of new products. The organization is receiving significant client traction for new market capabilities including Factoreal, Yabx, MobiLytix, Mobiquity, CMS (Content) and Data Platforms.

Continuous R&D is helping us and our customers in following ways:

- New features to attract additional customers.
- Introduction of new products.
- Better system / product stability
- System / resource optimization-more transaction using same hardware infrastructure.
- Reduction in cost of ownership
- Simplicity and user convenience for managing his mobile related services.

(iii) In Case of Imported Technology (Imported during last three years reckoned from the beginning of the Financial Year)

Company has not imported technology during the last three years.

(iv) Expenditure incurred on R&D.

Figures in ₹ Mn

| S . No. | Particulars | Current year | Previous year |
|---|---|---|---|
| 1 | Capital | 365 | 28 |
| 2 | Recurring | 525 | 510 |
| 3 | Total | 890 | 538 |
| 4 | Total R&D expenditure as a percentage of total turnover | 7.0% | 6.1% |

**C. FOREIGN EXCHANGE EARNINGS & OUTFLOWS**

Company is making continuous efforts to increase its sales in overseas markets and to explore new export markets. During the year under review, the Company has ventured into new markets such as Latin America and Southeast Asia along with several wins in these markets .

Figures in ₹ Mn

| Details of Foreign Exchange Earnings & Outflows | Financial Year ended 31st March, 2023 | Financial Year ended 31st March, 2022 |
|---|---|---|
| Foreign Exchange Earnings | 7,542 | 6040 |
| Foreign Exchange Outflows | 950 | 1669 |

**DIRECTORS**

**A. Changes in Directors and Key Managerial Personnel (KMP)**

During the Financial Year 2022-23, Mr. Vivek Satish Agarwal (DIN: 05218475), Director, was liable to retire by rotation and offered himself for re-appointment. Thus, in accordance with the provisions of Section 152(6)(c) of the Companies Act, 2013, Mr. Vivek Satish Agarwal was re-appointed as Director to be retired by rotation in the Twenty Third Annual General Meeting held on July 21, 2022.

During the Financial Year 2023-24, Mr. Manishkumar Murlimanohar Vyas (DIN: 09042978), Director, is liable to retire by rotation and being eligible offered himself for re-appointment. The Board recommends his re-appointment in the ensuing Annual General Meeting in accordance with the provisions of Section 152(6)(c) of the Companies Act, 2013.

Further, the Board of Directors in their meeting held on July 22, 2022, appointed Mr. Manoranjan Mohapatra (DIN: 00043930) as an Additional Director with effect from July 22, 2022, to be regularized at the next General Meeting in accordance with the provisions of the Companies Act, 2013. He was also appointed as Whole-time Director of the Company, liable to retire by rotation, effective from July 22, 2022, subject to the approval of Shareholders.

As on date, the Board composition is as follows:

Mr. Manishkumar Murlimanohar Vyas (DIN: 09042978), Mr. Jagdish Mitra (DIN: 06445179) and Mr. Vivek Satish Agarwal (DIN: 05218475 ) are Non-Executive Non-Independent directors of the Company whereas Mr. Manoranjan Mohapatra (DIN: 00043930) is Whole-time Director of the Company.

Mr. Rajat Mukherjee (DIN: 03431635) and Ms. Sunita Umesh (DIN: 06921083) are Independent Directors of the Company.

| Number of Board and Committee Meetings Attended | | | | |
|---|---|---|---|---|
| **Directors** | **Board Meeting** | **Audit Committee** | **CSR Committee** | **NRC Committee** |
| Jagdish Mitra | 3 | 3 | 2 | Not a member |
| Manishkumar Murlimanohar Vyas | 4 | Not a member | Not a member | Not a member |
| Manoranjan Mohapatra | 3 | Not a member | Not a member | Not a member |
| Rajat Mukherjee | 2 | 2 | 1 | 2 |
| Sunita Umesh | 4 | 4 | 2 | 2 |
| Vivek Satish Agarwal | 1 | Not a member | Not a member | 1 |

**B. Declaration by an Independent Director(s)**

During the year under review, all Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013. The Independent Directors have also given declaration of compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014, with respect to their name appearing in the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

**C. Commission paid to Managing Director or Directors of the Company**

During the year under review, no commission were paid to any Director on the Board of Company. Also, Independent Directors are not entitled to any commission.

**D. Formal Annual Evaluation**

Pursuant to the provisions of Section 178 the Companies Act, 2013, the Board has devised a policy on evaluation of performance of Board as a whole, evaluation of the committees and peer evaluation. Accordingly, the evaluation templates were circulated to all the Directors and summary report based on duly filled-in evaluation forms was presented before the Board and respective Committees. The Directors had positive feedback on the overall functioning of the Board, Committees and individual Directors.

**E. Policy for selection and appointment of Directors, KMP and their remuneration**

The Company has in place a Nomination and Remuneration Policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence and other matters provided under section 178(3) of the Companies Act, 2013. The full text of the policy is enclosed as **Annexure-2** with this report and is also available at the Company's website at https://www.comviva.com/wp-content/uploads/2019/05/NRC-Policy-with-annexure.pdf.

The Nomination and Remuneration Committee identifies and ascertains the integrity, qualification, expertise and experience of the person for appointment as Director or Key Managerial Personnels (KMPs). The appointment of Directors, KMP and Senior Management as recommended by the Nomination and Remuneration Committee requires approval of the Board.

The remuneration to the Directors and KMP is proposed by the Nomination and Remuneration Committee in compliance with requirements of the Companies Act, 2013 and recommended to the Board for their approval. Approval of Shareholders is obtained, if required.

**PARTICULARS OF EMPLOYEES U/S 197 OF THE COMPANIES ACT, 2013 R/W THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

As per the provisions of this section the same is not applicable to the Company.

**BOARD COMMITTEES**

**Audit Committee**

The Audit Committee consists of the following Directors:

(i) Ms. Sunita Umesh

(ii) Mr. Rajat Mukherjee

(iii) Mr. Jagdish Mitra

Ms. Sunita Umesh is Chairperson of the said Committee. Mr. Parminder Singh Bakshi, Company Secretary of the Company acts as Secretary of the Audit Committee.

**Nomination and Remuneration Committee**

The Nomination and Remuneration Committee consists of the following Directors:

(i) Ms. Sunita Umesh

(ii) Mr. Rajat Mukherjee

(iii) Mr. Vivek Satish Agarwal

Ms. Sunita Umesh is Chairperson of the said Committee. Mr. Parminder Singh Bakshi, Company Secretary of the Company acts as Secretary of the Nomination and Remuneration Committee.

**CSR (Corporate Social Responsibility) Committee**

**A.** The CSR Committee consists of the following Directors:

(i) Mr. Rajat Mukherjee

(ii) Mr. Jagdish Mitra

(iii) Ms. Sunita Umesh

Mr. Rajat Mukherjee is Chairman of the said Committee. Mr. Parminder Singh Bakshi, Company Secretary of the Company acts as Secretary of the CSR Committee.

**B.** Contents of the CSR Policy and initiatives taken as mentioned in the CSR Annual Report are enclosed as **Annexure 3** to this report. Complete CSR Policy of the Company is available at the Company's website at https://www.comviva.com/wp-content/uploads/2021/09/CSR-Policy_22nd-April-2021.pdf

**C**. The Company has spent its entire CSR obligation of 3,62,65,746/- (Rupees Three Crores Sixty-Two Lakhs Sixty-Five Thousand Seven Hundred and Forty-Six) for the Financial Year 2022-23 before March 31, 2023.

**POLICY TO PREVENT AND DEAL WITH SEXUAL HARASSMENT AT WORKPLACE**

Your Company has laid down Prevention of Sexual Harassment (POSH) Policy which is available on Company's intranet. The Company has zero tolerance on Sexual Harassment at workplace. During the year under review, no cases were reported.

The Company has complied with provisions of Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 relating to the constitution of Internal Complaints Committee.

**DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES**

The Company has adopted the Whistle Blower Policy which is available on the Company website at https://www.comviva.com/wp-content/uploads/2022/12/WhistleBlower_Policy.pdf. It has been publicized to employees.

**RISK MANAGEMENT POLICY**

Company manages monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company's management system, organizational, structure, processes, standards, code of conduct and behaviors together form the risk management matrix that govern how the Company conducts the business and manages associated risks.

Company has introduced several improvements to integrated Enterprise Risk Management, Internal Controls Management and Assurance Framework and Processes to drive a common integrated view of risks, optimal risk mitigation responses and efficient management of internal control and assurance activities. This integration is enabled by fully aligned across Companywide risk management, internal control and internal audit methodologies and process.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 AS ON MARCH 31, 2023**

| Name of Body Corporate | Nature of transaction (whether Loan/ Guarantee /Security / Acquisition) | Amount of Loan/Security/ Acquisition / Guarantee (in ₹) (in million) | Purpose of Loan/ Acquisition /Guarantee/ Security |
|---|---|---|---|
| Comviva Technologies FZ-LLC | Equity Investment | 1 | Investment in Subsidiaries |
| Comviva Technologies Nigeria Limited | Equity Investment | 151 | Investment in Subsidiaries |
| Comviva Technologies B.V. | Equity Investment | 2,296 | Investment in Subsidiaries |
| Comviva Technologies (Argentina) S.A. | Equity Investment | 14 | Investment in Subsidiaries |
| Comviva Technologies Do Brasil Indústria, Comércio, Importação E Exportação LTDA | Equity Investment | 2 | Investment in Subsidiaries |
| Comviva Technologies Madagascar Sarlu | Equity Investment | 1 | Investment in Subsidiaries |
| Comviva Technologies USA Inc | Equity Investment | 30 | Investment in Subsidiaries |
| Comviva Technologies Americas Inc. | Equity Investment | 1,794 | Investment in Subsidiaries |
| Comviva Technologies Myanmar Limited | Equity Investment | 15 | Investment in Subsidiaries |
| YABX Technologies (Netherlands) B.V. | Equity Investment | 83 | Investment in Subsidiaries |
| YABX India Private Limited | Equity Investment | 70 | Investment in Subsidiaries |
| YABX India Private Limited | Loan | 163 | Loan to Subsidiary |
| | **Total (₹)** | **4,620** | |

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

The Company has not entered into any contracts or arrangements with related parties which require disclosure in Form AOC-2 pursuant to the provisions of Section 188 of Companies Act, 2013 read with the rules made thereunder. Hence, the

Form AOC-2 is not applicable to the Company for the Financial Year 2022-23.

**DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES**

As on March 31, 2023, your Company has 10 subsidiaries and 5 step-down subsidiaries which are all operational as per details given below:

| List of Subsidiaries | List of Step-down Subsidiaries |
|---|---|
| Comviva Technologies Madagascar Sarlu | Comviva Technologies (Argentina) S.A. |
| Comviva Technologies Nigeria Limited | Comviva Technologies do Brasil Indústria, Comércio, Importação e Exportação Ltda |
| Comviva Technologies FZ LLC | Comviva Technologies Colombia S.A.S |
| Comviva Technologies B.V. | Comviva Technologies (Australia) Pty Ltd. |
| YABX Technologies (Netherlands) B.V. | Comviva International Netherlands B.V.* (formerly knowns DynaCommerce Holding B.V.) |
| Comviva Technologies Myanmar Limited | |
| Comviva Technologies USA Inc. | |
| Comviva Technologies Cote D'ivoire | |
| Yabx India Private Limited | |
| Comviva Technologies Americas Inc. | |

***Acquired** through Comviva Technologies B.V. on January 02, 2023, and subsequently changed the name to Comviva International Netherlands B.V. with effect from January 24, 2023.

On March 28, 2022, the application for voluntary de-registration of Emagine International Pty Ltd, a wholly owned subsidiary of Comviva Technologies (Australia) Pty Ltd was filed which was subsequently de-registered with effect from June 01, 2022.

There has been no material change in the nature of the business of the subsidiaries. As per Companies Act, 2013, the consolidated financial statements of your Company and all its subsidiaries are provided in this Annual Report. The consolidated financial statements have been prepared in accordance with IND AS. The performance and financial position of subsidiaries and step-down subsidiaries are included in the consolidated financial statement is provided in accordance with the provisions of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014 as a separate statement annexed to the notes on accounts containing the salient features of the financial statement of Company's subsidiaries/joint ventures or associate companies in Form AOC – 1 is enclosed as **Annexure-4** to this report**.**

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

There is no significant and material order passed by the regulators or courts or tribunals impacting going concern status and Company's operations.

**PROCEEDINGS UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016**

There are no proceedings pending under the Insolvency and Bankruptcy Code, 2016.

**VALUATION OF ASSETS**

The provisions of Section 134(3)(q) read with Rule 8(5)(xii) of the Companies (Accounts) Rules, 2014 are not applicable on the Company as it has not taken any valuation of assets for the given purpose.

**DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIALS CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The Company has internal financial controls which are adequate and were operating effectively. The controls are adequate for ensuring the orderly & efficient conduct of the business, including adherence to the Company's policies, the safeguarding of assets, the prevention & detection of frauds & errors, the accuracy & completeness of accounting records and timely preparation of reliable financial information.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under section 134(3)(c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is confirmed:

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

(b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for that period.

(c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(d) The Directors had prepared the annual accounts on a going concern basis; and

(e) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING THE PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR**

During the period under review, the Company has not appointed any Independent Director therefore, the requirement to provide a statement in this regard is not required.

**COST RECORDS**

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148 (1) of the Companies Act, 2013 are not applicable for the business activities of the Company.

**COMPLIANCE WITH SECRETARIAL STANDARDS**

The Company has complied with the applicable Secretarial Standards.

**ACKNOWLEDGEMENT**

Your Directors on behalf of the Company and management express their gratitude for the co-operation and support received from Customers, Vendors, Shareholders, Bankers, various agencies and Government departments Both State and Central Governments. The Directors also place on record their appreciation for the true team spirit, valued contributions and efforts put in by the employees at all levels.

**For and on behalf of**
Comviva Technologies Limited

**Manoranjan Mohapatra**
Director
DIN: 00043930

Place: Gurugram
Date: April 24, 2023

**Jagdish Mitra**
Director
DIN: 06445179

Place: Gurugram

# FORM NO. MR - 3

# SECRETARIAL AUDIT REPORT
# FOR THE PERIOD ENDED ON MARCH 31, 2023

**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

**To,**
**The Members**
**Comviva Technologies Limited**
**(CIN: U72200HR1999PLC041214)**
**5th, 7th & 8th Floor, Capital Cyberscape,**
**Sector-59, Golf Course Extension Road,**
**Gurugram, Haryana-122102**

We have conducted the Secretarial Audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by Comviva Technologies Limited (hereinafter referred to as "The Company"), having its Registered Office situated at 5th, 7th & 8th Floor, Capital Cyberscape, Sector-59, Golf Course Extension Road, Gurugram, Haryana-122102. Secretarial Audit was conducted in a manner that provided us a reasonable foundation for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification, of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information/explanation provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

I. The Companies Act, 2013 ('the Act') and the rules made thereunder;

II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder [**Not Applicable as the Company has not listed any of its securities on any Stock Exchange]**;

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment;

V. The Company being an unlisted Company was not required to comply with any of the regulations and/or guidelines as prescribed by the Securities and Exchange Board of India in this regard under the Securities and Exchange Board of India Act, 1992.

For the compliances of Labour Laws & other General Laws, our examination and reporting is based on the documents, reports, records and files as produced and shown to us and the information and explanations as provided to us, by the officers and management of the Company and to the best of our judgment and understanding of the applicability of the different enactments upon the Company, in our opinion there are adequate systems and processes exist in the Company to monitor and ensure compliance with applicable Labour Laws & other General Laws.

The compliances by the Company of applicable Financial Laws, like Direct and Indirect Tax Laws, have not been reviewed in our audit since the same have been subject to review by the Statutory Auditor and other designated professionals.

We have also examined compliance with the applicable clauses of Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, circulars, notifications etc. mentioned above.

**We further report that**

- The Board of Directors of the Company is constituted with proper balance of Executive and Non-Executive Directors, Independent Directors and Women Director during the period under review. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- Adequate notice(s) were given to all the directors to schedule the Board/Committee Meetings, agenda and detailed notes on agenda and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

- As per the minutes of the meetings of the Board and Committees of the Board signed by the chairperson of the respective meetings, all the decisions of the Board were adequately passed and the dissenting members' views, if any, was captured and recorded as part of the minutes.

- As per the records, the Company generally filed all the forms, returns, documents and resolutions as were required to be filed with the Registrar of Companies and other authorities.

- During the period under review, the Company suo moto filed an application before the Registrar of Companies NCT of Delhi & Haryana ("ROC") u/s 454 of the Companies Act, 2013, w.r.t a technical default in transferring of unspent CSR amount for the FY 2020-21. Pursuant to the said application, ROC passed an Adjudication Order and imposed a penalty of ₹ 11,00,244/- on the company and ₹ 55,012.20/- each on its officers in default vide order dated September 27, 2022. The Company and officers have challenged the order pronounced by the ROC by filing of an Appeal before the Hon'ble Regional Director (Northern Region) who has referred back for de novo adjudication to the ROC on March 9, 2023. The matter is pending for the final order as on the date of this report.

We further report that there are systems and processes in the Company to commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines which are generally being followed by the Company.

We further report that during the audit period, the Company has following specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above: -

1) Members of the Company in 23rd Annual General Meeting held on July 21, 2022 has re-appointed M/s B S R & Co. LLP, Chartered Accountants [Reg. No.101248W/W-100022] as the Statutory Auditor of the Company until the conclusion of 28th Annual General Meeting.

2) Mr. Manoranjan Mohapatra (DIN: 00043930) has been appointed as the Whole-time Director of the Company for the period from July 22, 2022 till May 31, 2023 subject to the approval of members in the next general meeting.

3) Company has raised approximately ₹ 240 crores by way of allotment of 24,74,226 equity shares of ₹ 10/- each at a premium of ₹ 960/- each on the right issue basis on December 01, 2022.

4) Company had made equity investment in its wholly owned subsidiaries to the extent of ₹ 180 Cr. and ₹ 61.95 Cr. approximately in the Comviva Technologies Americas Inc and Comviva Technologies B.V respectively with the approval of the Board of Directors of the Company.

5) The Board of Directors in their meeting held on January 25, 2023 approved to issuance of corporate guarantee for credit facilities to be availed by its wholly owned subsidiary, Yabx Technologies (Netherlands) B.V. from HSBC Bank (Mauritius Limited).

**For RMG & Associates**
Company Secretaries
Firm Registration No. P2001DE016100
Peer Review No.: 734/2020

Place: New Delhi
Date: 24.04.2023
UDIN: - F005123E000174380

**CS Manish Gupta**
Partner
FCS: 5123; C.P. No.: 4095

Note: This report is to be read with 'Annexure' attached herewith and forms an integral part of this report.

**Annexure**

**To,**
**The Members**
**Comviva Technologies Limited**
**(CIN: U72200HR1999PLC041214)**
**5th, 7th & 8th Floor, Capital Cyberscape,**
**Sector-59, Golf Course Extension Road,**
**Gurugram, Haryana-122102**

Our Secretarial Audit Report of even date, for the financial year ended March 31, 2023 is to be read along with this letter:

1. It is the responsibility of management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances as produce before us.

3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.

4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

5. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted affairs of the Company.

6. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

7. We have conducted verification & examination of records, as facilitated by the Company, for the purpose of issuing this Report.

For RMG & Associates
Company Secretaries
Firm Registration No. P2001DE016100
Peer Review No.: 734/2020

Place: New Delhi
Date: 24.04.2023
UDIN: - F005123E000174380

CS Manish Gupta
Partner
FCS: 5123; C.P. No.: 4095

# POLICY ON NOMINATION AND REMUNERATION COMMITTEE

**1. Objective**

As a measure of good Corporate Governance and in compliance with the provisions of Section 178 of Companies Act 2013, following policies are formulated:

0.1. Policy on appointment and removal of Key Managerial Personnel and Senior Management;

0.2. Policy on Remuneration to the Key Managerial Personnel, Senior Management and other Employees

0.3. Policy on Directors Training

0.4. Policy on Evaluation of performance of the Board of Directors, Committees and individual Directors,

0.5. Policy on Board Diversity;

**2. Definitions**

The definitions of some of the key terms used in this Policy are given below.

Board” means Board of Directors of the Company.

Company” means the Comviva Technologies Limited.

Committee(s)” means Committees of the Board for the time being in force as per the provisions of the Companies Act 2013.

Employee” means employee of the Company whether employed in India or outside India including any whole-time directors, KMPs & Senior Management who serve the company on a full-time basis and are not employed in any other entity except those which are the subsidiaries of the company or subsidiaries of its majority shareholder.

HR’ means the Human Resource department of the Company.

Key Managerial Personnel” and Senior Management (KMP) refers to:

(i) Chairman (CM);

(ii) Managing Director (MD), or Chief Executive Officer (CEO);

(iii) Chief Financial Officer (CFO); and

(iv) Company Secretary (CS)

Nomination and Remuneration Committee” or “NRC” means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.

Senior Management” means an employee of the Company who is a member of its Core Management team, which includes CEO, CFO, Company Secretary, Product Unit Heads (for Business units higher than USD 20 million), Global Head of Sales, EVP- New Product Initiatives, Global Head of HR.

**3. Constitution of the Nomination and Remuneration Committee**

The board has constituted the Nomination and Remuneration Committee on <DDMMYYYY>, in accordance with Companies Act 2013.

The board will have rights to reconstitute this committee from time to time.

**4. Policy for appointment of the Board, KMPs & Senior Management**

The committee shall look into the following matters:

- Make recommendations to the board on its composition and size to help ensure its effective working. It will do the following under each category of personnel:

**4.1. Board Members**

a) Identify and recommend to appointment or removal of such candidates who can be considered for the position of a director.

b) The NRC would decide this based on its discussions around qualifications, positive attributes and independence of the candidate being considered for directorship. The decision may also be based on conditions as best suitable for the business in accordance with statutory conditions as may be applicable from time to time.

4.2. **KMPs**

a) The authority to identify right candidates for the appointment of CFO and CS is vested with the CEO along with HR, who will facilitate in identifying the candidates internally or externally. NRC will consider the candidates proposed by the CEO and recommend to the Board for its consideration and appointment in accordance with the applicable provisions of the Act and Rules.

b) In case of CM / MD / CEO's appointment, NRC will initiate the process of identifying the new candidate, which can be an internal or external candidate, for the respective position. After identification and screening of the candidate, NRC will propose the candidature to the Board for its consideration and for appointment subject to the approval of the Shareholders and Regulatory Authority, if any.

c) The selection and removal would be based on the evaluations done during the selection /search process and would cover such parameters like: qualifications, positive attributes, experiences, etc. The decision may also be based on conditions as best suitable for the business in accordance with statutory conditions as may be applicable from time to time.

d) If a KMP is attracted with any disqualification as mentioned in any of the applicable Act, rules and regulations there-under or due to non-adherence to the applicable policies of the Company, the NRC may recommend to the Board with reasons recorded in writing, removal of a KMP subject to the compliance of the applicable statutory provisions.

**4.3. Senior Management personnel**

a) The Senior Management personnel are appointed and removed/relieved with the authority of CEO and HR. The selection and removal would be based on the evaluations done during the selection /search process and would cover such parameters like: qualifications, positive attributes, experiences, etc as per the recruitment policy prevailing at the time of selection. The decision may also be based on conditions as best suitable for the business in accordance with statutory conditions as may be applicable from time to time.

b) The details of the appointment made and the personnel removed/relieved during a quarter shall be presented to the Board as part of update on Corporate Governance.

To maintain effective performance and continuity, all attempts will be made to retain and maintain the right balance of expertise and experience at the senior management level through various measures of identification, hiring, training, grooming, performance feedback, compensation & benefits, promotions, etc and . The NRC may seek and review such efforts for any specific position/s as they may deem fit.

Subject to that there is no conflict of interest, Comviva CEO and HR Head will be authorized to approve employee requests for accepting –

1. any honorary positions in the Board of a Company (for no remuneration or a nominal remuneration); and/or

2. any non-significant minority stake capped up to 30%

In case the request is from the Comviva CEO, Comviva CFO or the Company Secretary, the same will be cleared by the NRC

**5. Remuneration to KMPs, Senior Management personnel and Other Employees**

The Company follows an extensive performance management system to review the performance of the employees / Senior Management and provide rewards on the basis of meritocracy.

The overall remuneration (Total compensation) to the employees (including Whole Time Director (CEO) CFO, CS and senior management) includes a fixed component (Guaranteed Pay) and a variable component (Performance Linked pay). The percentage of the variable component increases at hierarchy levels, as the Company believes employees at higher positions have a far greater impact and influence on the overall business result. Variable Pay program is covered by respective variable pay programs (like performance linked incentive programs as applicable for respective roles). Compensation offered is decided based on what is competitive and suitable to attract top talent peer group for such a role, while looking at company's ability to pay vis-à-vis its budget.

The initial remuneration for CEO or any whole time director will be proposed by the CM/MD to the NRC consistent with the strategy of the Company and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The initial remuneration for KMPs – CFO and CS will be proposed by the CEO & HR to the NRC consistent with the strategy of the Company and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The initial remuneration for the Senior Management personnel shall be proposed by HR and approved by CEO. Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR and business /line managers at the time of hiring, depending upon the relevant job experience, last compensation, position details and role maturity fitment; philosophy of which has been captured in the compensation handbook of the company.

The Total compensation is reviewed at least once every year based on company's performance and compensation philosophy and program. Compensation Revision is based on the performance, potential and market positioning of the role as determined through hiring& /attrition related data, surveys and benchmarks.

The annual review of remuneration for CEO or any whole time director will be proposed by the CM/MD to the NRC. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

The annual remuneration for KMPs – CFO and CS will be proposed by the CEO & HR Head to the NRC consistent with the strategy of the Company and their Qualifications, Experience, Roles and Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

Annual Review of Remuneration (TCTC) for all employees (others than KMPs, but including senior management) will be decided by the HR, in consultation with CEO for all senior management position and along with concerned business unit head/managers as per performance management process & compensation philosophy and approved personnel cost budget. Performance Management Handbook applies to all employees including senior management, CFO and CS. CEO performance is evaluated by the CM/MD based on business goals as determined annually.

CEO and the HR Head may approve incentive programs as may be required for managing routine business requirements like joining or retention. Any plan covering shares or Stock Option grants to the employees shall be approved by the NRC based on the recommendation of CEO and Head of HR.

All remunerations to directors or CEO will be in accordance to Companies Act 2013 or changes to the same as applicable from time to time, including restatement of accounts due to fraud or non-compliance.

Sitting fee for Independent directors: Sitting fees will be paid to the independent directors for the committee and board meetings, as approved by the board from time to time. This will be subject to the maximum limits, if any, prescribed by the Companies Act 2013.

Refundability of excess remuneration: Any excess remuneration paid will have to be refunded back by the director in case of restatements and no such waivers will be permitted.

Commission or remuneration from holding or subsidiary company: The total commission paid for the services to this Company will include any remuneration paid from either the holding company or the subsidiary company.

**6. Policy on Awareness Training to the Independent Directors**

The Independent directors at the time of their co-option shall be provided with an orientation by at least one of the senior leaders. They will also be provided with the material/literature regarding the Company's business and its operations, governing documents, information on key personnel and financial information to familiarize them with the Company. The Board will brief them on their roles and responsibilities in the various Committees. The Quarterly Board Meetings will contain an agenda item on 'Business Updates' which provides development in the business strategy of the Company among others. The CM depending on the business need may also nominate Independent Directors for relevant external training programs. Independent Directors may request for any additional information as deemed fit for the successful discharge of their role.

**7. Process for Performance Evaluation of the Board as a whole**

The process will be initiated each year by the Chairman of the NRC or any other person as authorized by the NRC.

- The Board will carry out annual evaluation of its own performance through its adopted self-evaluation criteria. Board evaluation process will be initiated each year by the chairman of NRC and will be coordinated by the Chairman of NRC or any other person authorized by the NRC. Each Board member will get an evaluation form as given in **Annexure – I** in the first week of April of each year.

- Board members have the option to disclose his/her name on the evaluation form.

- Board members shall complete the form and return it to the authorized person within two weeks of receipt of the form.

- Only Chairman of the board and the authorized person appointed by the NRC to coordinate this activity will have access to individual evaluation form.

- Chairman of the Board, will arrange to tabulate the results and present summary report to the Board during the first Board Meeting of the financial year. The summary report will include score against each of the evaluation criteria & verbatim comments without any names. Sample template has been included in **Annexure II**. Report for each individual member will also be shared without names of those who gave the feedback.

- The Board will initiate discussion based on individual feedback, broad & common areas that are working well and those that need attention. The Board will then decide if changes in its governance practices and policies need to be made going forward.

**7.1. Process for Performance Evaluation of the Committees:**

The Board has adopted the evaluation criteria for Committees as mentioned in Annexure -III. Each Committee member will get an evaluation form as given in Annexure – III for the Committee(s) he/she is part of in the first week of April of each year.

- Committee Members have the option to disclose his/her name on the evaluation form.

- Committee Members shall complete the forms and return them to the authorized person within two weeks of receipt of the forms.

- Only Chairman of the board and the authorized person appointed by the NRC to coordinate this activity will have access to individual evaluation form

- The Chairman NRC, with the assistance of any person, will tabulate the results and share the summary report with the respective Committee in their first meeting of the financial year. The summary report will include score against each of the evaluation criteria & verbatim comments without any names. Sample summary report template has been included in **Annexure – IV**.

- Each Committee will initiate discussion basis individual feedback, broad & common areas that are working well and those that need attention.

- The Chairman of the respective Committee will also present the summary report to the Board during its first Board Meeting of each financial year.

**7.2. Process for Performance Evaluation of individual directors including Independent Directors**

- The NRC will carry out performance evaluation of individual directors through peer evaluation of each Board member.

- The Key areas of evaluation are Knowledge of business, Diligence and preparedness, Effective interaction with others, Constructive contribution to discussion and strategy, Concern for stakeholders, attentive to the internal controls mechanism, and ethical conduct issues as the evaluation criteria.

- In the first week of April of each year, each Board member will get evaluation form as given in **Annexure – V** for each of their colleagues on the Board. Each Board member will complete evaluation of each of their colleagues. Board member does not have to disclose his/her name on the evaluation form.

- During the first Board meeting of the financial year, separate envelopes indicating name of each Board Member will be circulated in which each Board member will place the completed evaluation sheet of the assessed member in their respective envelope. For example, there will be separate envelopes for Director A, Director B & so on and these envelopes will be circulated to all the Directors to place the evaluation form of the specific Director in the envelope indicating his/her name.

- Once all the evaluation forms are placed in designated envelopes, each Board member will be handed over their respective envelope and will have the opportunity to go through their own peer evaluation scores during the meeting itself.

- After going through their respective evaluation scores by their peers, the Board members will hand over their envelope to the Board chairperson during that meeting.

- Subsequently, the Board chairperson, will go through the contents of the envelope, and if necessary, will meet with each Director individually as part of the evaluation process to identify and discuss the outcome. The separate envelopes containing peer evaluation forms for each individual Director will remain with the Board chairperson and will be kept confidential.

- The NRC on the basis of evaluation scores of the concerned member shall recommend to the Board to extend or continue the term of appointment of the Board member. In case of the upcoming reappointment of any of the NRC member, the concerned member will not participate and others on the committee will be given access to all the available forms of the concerned member as detailed above to continue with the recommendation process.

**8. Board's Diversity**

A truly diverse Board will make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. The Board appointments should be based on merit that complements and expands the skills, experience, expertise of the Board as a whole, taking into account knowledge, professional experience, qualifications, gender, age, cultural, educational background, statutory / regulatory requirement and any other factors that might be relevant and applicable from time to time for it to function effectively.

NRC considers the functional diversities in determining the optimum composition of the Board.

**9. Amendment**

The Policies may be changed at any time by the Board on the recommendation of NRC. However, the NRC shall have the authority to change the Evaluation Form at any time during the year with the objective of seeking more inputs from the Individual Directors

In the event of any statement in the policy contradicting with law, the law will supersede as applicable from time to time.

**Sunita Umesh**
**DIN: 06921083**
**Chairman**

**Annexure I**

**Performance Evaluation of the Board as a whole - Self Evaluation Form**

Each Board Member is to rate the following statements in relation to overall performance of the Board during the last financial year. Please place √ in the appropriate box next to each statement using the indicated scale. Please use the space at the bottom to provide any specific comments you may have.

Your Name (Optional) ____________________________________________

| Evaluate the following statements in relation to overall performance of the Board | | Rating Scale | | | | |
|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 1 | The Board is collegial and polite and meetings are conducted in a manner that ensures open communication, meaningful participation, and sound resolution of issues. | | | | | |
| 2 | The Board has achieved what it set out to accomplish in the year under review. | | | | | |
| 3 | The Board engages in long-range strategic thinking and planning. | | | | | |
| 4 | The Board stays abreast of issues and trends affecting the plan, using this information to assess and guide the organization over the long term. | | | | | |
| 5 | The Board meetings are of reasonable length & agendas are well-balanced, allowing appropriate time for the most critical issues and there is a balance between presentations and discussions. | | | | | |
| 6 | The Board receives timely, accurate, and useful information upon which to make decisions. | | | | | |
| 7 | The Board anticipates issues and does not often find itself reacting to “crisis” situations. | | | | | |
| 8 | The Board speaks in “one voice” when directing or delegating to management and brings discussions to a conclusion with clear direction to management. | | | | | |
| 9 | The quality of Directors participation in meeting is satisfactory. | | | | | |
| 10 | The Board is well diversified in terms of skills, regional and industry experience, background, race and gender | | | | | |

**Rating Scale**

5 = strongly agree; 4 = Agree; 3 = neither agree nor disagree; 2 = Disagree; 1 = Strongly Disagree

Please provide below any additional comments or suggestions about the work and effectiveness of the board as a whole.

**Annexure II**

**Summary Report: Performance Evaluation of the Board as a whole**

| **Statements in relation to overall performance of the Board** | | **Director A** | **Director B** | **Director C** | **Director D** | **Director E** | **Director F** | **Director G** | **Avg. Score** |
|---|---|---|---|---|---|---|---|---|---|
| | | Scores of each Director will be mentioned on No name basis | | | | | | | |
| 1 | The Board is collegial and polite and meetings are conducted in a manner that ensures open communication, meaningful participation, and sound resolution of issues. | | | | | | | | |
| 2 | The Board has achieved what it set out to accomplish the past year. | | | | | | | | |
| 3 | The Board engages in long-range strategic thinking and planning. | | | | | | | | |
| 4 | The Board stays abreast of issues and trends affecting the plan, using this information to assess and guide the organization over the long term. | | | | | | | | |
| 5 | The Board meetings are of reasonable length & agendas are well-balanced, allowing appropriate time for the most critical issues and there is a balance between presentations and discussions. | | | | | | | | |
| 6 | The Board receives timely, accurate, and useful information upon which to make decisions. | | | | | | | | |
| 7 | The Board anticipates issues and does not often find itself reacting to “crisis” situations. | | | | | | | | |
| 8 | The Board speaks in “one voice” when directing or delegating to management and brings discussions to a conclusion with clear direction to management. | | | | | | | | |
| 9 | The quality of Directors participation in meeting is satisfactory. | | | | | | | | |
| 10 | The Board is well diversified in terms of skills, regional and industry experience, background, race and gender | | | | | | | | |

**Rating Scale**

5 = Strongly agree 4 = Agree 3 = Neither agree nor disagree 2 = Disagree 1 = Strongly Disagree

**Comment 1:** ……………………………….

**Comment 2:** ……………………………….

These comments will be taken verbatim without mentioning name of the Board Member)

**Annexure III**

**Performance Evaluation of the Committees - Self Evaluation Form**

(This Form is to be filled out separately for each committee of the Board in which you are member)

Each Committee member is to rate the following statements in relation to overall performance of the Committees during the last financial year. Please place √ in the appropriate box next to each statement using the indicated scale. Please use the space at the bottom to provide any specific comments you may have.

Your Name (Optional): ________________________________

Name of the Committee to be assessed: ________________________________________

| Evaluate the following statements in relation to overall performance of the Committee | | Rating Scale | | | | |
|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 1 | The Committee is collegial and polite and meetings are conducted in a manner that ensures open communication, meaningful participation, and sound resolution of issues. | | | | | |
| 2 | The Committee is comprised of optimum number of members. | | | | | |
| 3 | The Committee is comprised of competent members | | | | | |
| 4 | The Committee gets into details, focuses on pertinent topics and allocates reasonable time and there is a balance between presentations and discussions. | | | | | |
| 5 | The Committee reports back to the Board as it should on all the relevant issues. | | | | | |
| 6. | The Committee is effective in carrying out its mandate and make collective judgments about important matters. | | | | | |

**Rating Scale**

5 = Strongly agree 4 = Agree 3 = Neither agree nor disagree 2 = Disagree 1 = Strongly Disagree

Please provide below any additional comments or suggestions about the work and effectiveness of the committee as a whole.

…………………………………………………………………………………………………..

…………………………………………………………………………………………………..

…………………………………………………………………………………………………..

**Annexure IV**

**Summary Report: Performance Evaluation of the Committee**

(This result template will be shared with the respective Committee & presented in the Board Meeting)

Name of the Committee: …………………………………………………………

| Statements in relation to overall performance of the Committee | | Committee Member A | Committee Member B | Committee Member C | Committee Member D | Average Score |
|---|---|---|---|---|---|---|
| | | Scores of each Committee Member will be mentioned on No name basis | | | | |
| 1 | The Committee is collegial and polite and meetings are conducted in a manner that ensures open communication, meaningful participation, and sound resolution of issues. | | | | | |
| 2 | The Committee is comprised of optimum number of members. | | | | | |
| 3 | The Committee is comprised of relevant members. | | | | | |
| 4 | The Committee gets into details, focuses on pertinent topics and allocates reasonable time and there is a balance between presentations and discussions. | | | | | |
| 5 | The Committee reports back to the Board as it should on all the relevant issues. | | | | | |
| 6. | The Committee is effective in carrying out its mandate and make collective judgments about important matters. | | | | | |

**Rating Scale**

5 = Strongly agree 4 = Agree 3 = Neither agree nor disagree 2 = Disagree 1 = Strongly Disagree

**Comment 1:** ……………………………….

**Comment 2:** ……………………………….

(These comments will be taken verbatim without mentioning name of the Committee Member)

**Annexure V**

**Performance Evaluation of Board Member - Peer Evaluation Form**

Each Board Member is to rate the following statements in relation to his/her assessment of their colleague as a Board member during the last financial year. Please place √ in the appropriate box next to each statement using the indicated scale. Please use the space at the bottom to provide any specific comments you may have. Please note, you do not mention your name on the form to keep the process confidential.

Name of Board Member to be assessed ___________________________________

| Evaluate the following statements in relation to your assessment of your colleague as a Board Member of the Company | | Rating Scale | | | | |
|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 1 | Knowledge of key areas | | | | | |
| 2 | Diligence and preparedness | | | | | |
| 3 | Effective interaction with others | | | | | |
| 4 | Constructive contribution to discussion and strategy | | | | | |
| 5 | Concern for stakeholders | | | | | |
| 6 | Concern for working of internal controls | | | | | |
| | | | | | | |
| 5 = Outstanding, exceptional contribution<br>4 = Above expectation<br>3 = Satisfactory<br>2 = Some improvement required<br>1 = Unsatisfactory contribution to the Board | | | | | | |

Please provide below any additional comments or suggestions which you believe would help improve the Board's function.

……………………………………………………………………………………………………..

……………………………………………………………………………………………………..

……………………………………………………………………………………………………..

**Disclaimer**

# ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2022-23

**1. Brief outline on CSR Policy of the Company:**

Our CSR vision is to make concerted efforts towards promotion of education amongst the underprivileged while also promoting initiatives for employability and entrepreneurship. Employability & Entrepreneurship readiness covers all or relevant aspects of education, skills and capabilities development which is to be imparted to children, youth and adults of any age groups to attain these objectives.

The policy aims to:

a. Demonstrate commitment towards the common good.

b. Engender a sense of empathy & responsibility amongst employees to motivate them to give back to the society.

c. Partner with group companies to promote quality education for the under privileged sections of the society.

The Company may also support causes related to sustainable development of green environment or topical events adversely impacting a large section of the society; provided they are covered as per the statutory requirements.

The Corporate Social Responsibility (CSR) policy can be viewed at: https://www.comviva.com/wp-content/uploads/2021/09/CSR-Policy_22nd-April-2021.pdf

**2. Composition of CSR Committee:**

| Sl. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1. | Rajat Mukherjee | Independent Director, Chairperson of the Committee | 2 | 1 |
| 2 | Jagdish Mitra | Non-Executive Director, Committee Member | 2 | 2 |
| 3. | Sunita Umesh | Independent Director, Committee Member | 2 | 2 |

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

   a. CSR Committee: https://www.comviva.com/wp-content/uploads/2022/07/Comviva-Annual-Report-2022.pdf

   b. CSR Projects: https://www.comviva.com/wp-content/uploads/2022/07/CSR-Action-Plan.pdf

   c. CSR Policy: https://www.comviva.com/wp-content/uploads/2021/09/CSR-Policy_22nd-April-2021.pdf

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable. **Not applicable**

**5.**

   a) Average net profit of the Company as per section 135(5): ₹ **1,813 million**

   b) Two percent of average net profit of the company as per sub-section (5) of section 135: ₹ **36.27 million**

   c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: **Nil**

   d) Amount required to be set-off for the financial year, if any: **Nil**

   e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹ **36.27 million**

**6.**

a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ **36.27 million**

b) Amount spent in Administrative Overheads. **Nil**

c) Amount spent on Impact Assessment, if applicable. **Not Applicable**

d) Total amount spent for the Financial Year [(a)+(b)+(c)]. ₹ **36.27 million**

e) CSR amount spent or unspent for the Financial Year:

| **Total Amount Spent for the Financial Year. (in ₹) (in million)** | **Amount Unspent (in ₹) (in million)** | | | | |
|---|---|---|---|---|---|
| | **Total Amount transferred to Unspent CSR Account as per sub-section (6) of 135** | | **Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of 135** | | |
| | **Amount** | **Date of transfer** | **Name of the Fund** | **Amount** | **Date of transfer** |
| **36.27** | NA | NA | NA | NA | NA |

f) Excess amount for set-off, if any:

| S l . No. | Particular | Amount (in ₹) (in million) |
|---|---|---|
| (1) | (2) | (3) |
| (i) | Two percent of average net profit of the company as per sub-section (5) of 135 | 36.27 |
| (ii) | Total amount spent for the Financial Year | 36.27 |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | NIL |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | NIL |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | Not Applicable |

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

| 1 | 2 | 3 | 4 | 5 | 6 | | 7 | 8 |
|---|---|---|---|---|---|---|---|---|
| S l . No. | Preceding Financial Year(s) | Amount transferred to Unspent CSR Account under section 135(6) (in ₹) | Balance Amount in Unspent CSR Account u/s 135(6) (in ₹) | Amount Spent in the Financial Year (in ₹) | Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub- section (5) of section 135, if any | | Amount remaining to be spent in succeeding Financial Years (in ₹) | Deficiency, if any |
| | | | | | Amount (in ₹) (in million) | Date of Transfer | | |
| 1. | FY 2021-22 | NA | NA | NA | NA | NA | NA | NA |
| 2. | FY 2020-21 | NA | NA | NA | 0.55 | 30-Mar-2022 | NA | NA |
| 3. | FY 2019-20 | NA | NA | NA | NA | NA | NA | NA |

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year. **Yes**

If yes, enter the number of Capital assets created/ acquired:

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

| Sl. No. | Short particulars of the property or asset(s) [including complete address and location of the property] | Pincode of the property or asset(s) | Date of creation | Amount of CSR amount spent (₹ In million) | Details of entity/ Authority/ beneficiary of the registered owner | | |
|---|---|---|---|---|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | | |
| | | | | | CSR registration no. | Name | Registered address |
| 1. | E- learning<br>-Lenovo Desktop (Qty.15)<br>- APC UPS (Qty.18) | 751023 | March 3, 2023 | 0.95 | CSR00000840 | Sanshil Foundation<br>Beneficiary is Govt. High School | Chandra sekharpur, Phase-1, Bhubaneswar, Orissa, India |
| 2. | HP Laptop (Qty.01). | 122018 | June 4, 2022 | 0.06 | CSR00000840 | Sanshil Foundation | Compassion Cednter, D-block, Rosewood City, Sec-49, Gurgoan |
| 3. | Classroom furniture (Qty.48 Desks) | 122018 | February 20, 2023 | 0.38 | CSR00000840 | Sanshil Foundation | Compassion Cednter, D-block, Rosewood City, Sec-49, Gurgoan |

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135.: **Not Applicable**

Manoranjan Mohapatra
Whole-time Director & CEO
DIN: 00043930
Place: Gurugram
Date: April 24, 2023

Rajat Mukherjee
Director & Chairman, CSR Committee
DIN: 03431635
Place: New Delhi

**Contents of Corporate Social Responsibility Policy**

**Our CSR vision is to make concerted efforts towards promotion of education amongst the underprivileged while also promoting initiatives for employability and entrepreneurship.**

Employability & Entrepreneurship readiness covers all or relevant aspects of education, skills and capabilities development which is to be imparted to children, youth and adults of any age groups to attain these objectives.

The policy aims to:

1. Demonstrate commitment towards the common good.

2. Engender a sense of empathy & responsibility amongst employees to motivate them to give back to the society.

3. Partner with group companies to promote quality education for the under privileged sections of the society.

   The Company may also support causes related to sustainable development of green environment or topical events adversely impacting a large section of the society; provided they are covered as per the statutory requirements.

   Topical CSR support may be one time or time bound investment made under other possible areas. These spends would be pre-approved by the CSR Committee; if the expected outlay is more than 20% of the approved annual CSR budget. If the fund is spent from the approved annual CSR budget and within 20% limit, the same may be shared in the quarterly CSR review meetings as a pre or post information report.

**Scope and Applicability**

This Policy is applicable to Comviva Technologies Limited India (hereby referred to as Company) and will apply to all the CSR projects/programmes undertaken by the Company.

**Guidelines**

1. The CSR program will be overseen under the aegis of the CSR Committee

2. The CSR Committee is formulated with reference to the Section 135 of the Companies Act 2013 (referred to as Act) on CSR and in accordance with the CSR rules (hereby referred to as Rules)

3. CSR Committee

   a. It will formulate & recommend to Board a CSR Policy which shall provide an indicative list of broad activities aligned to the CSR Policy which shall be undertaken. The CSR Policy will also include the recommendation for the budget/expenditure as may be needed for the full fiscal.

   b. The CSR Committee will monitor the CSR policy of the Company from time to time and recommend modifications to the CSR Policy, as and when required.

4. Board of Directors

   a. They will review recommendations made by the CSR Committee, approve the CSR Policy of the Company and ensure that every financial year, the funds committed by the Company for CSR activities are utilized effectively by regularly monitoring the implementation.

   b. They would disclose the content of the policy in Company's report & website as per the prescribed format. Should that be the case, they would disclose the reasons for underspending of the allocated CSR budget in the Board's report.

5. They would ensure annual reporting of CSR policy to the Ministry of Corporate Affairs, Government of India as per the prescribed format.

**Identification of CSR Activities and Projects**

1. CSR SPOCs (as appointed by the Head of HR) will work closely with internal management members or employees to implement specific CSR programs and activities

2. Management would evaluate various NGO's and projects from time to time which can be taken up as part of the

CSR activity by the larger organization, looking at the following broad parameters:

a. The project should be in line with the CSR Vision of the Company

b. The NGO (if involved) should have established processes on governance like Audits, Annual Reports etc

c. The NGO should have been a registered NGO and should have been undertaking similar programs or projects for at least 3 years.

d. Support or donations aligned with Company's CSR vision or as covered by the CSR guidelines under the statute would also be considered as an exception, though they may not be covered under the sections a to b above

3. The program will ensure that there is involvement and contribution in the CSR initiatives driven by Group Companies

**Reporting**

To ensure funds spent on CSR programmes are creating the desired impact on the ground, a monitoring and reporting framework will be used. Status of the programs and their perceived impact would be shared on a periodic basis as per the roles defined.

**Deviations**

Any deviation to this Policy requires an approval from the Head of Human Resources. Management reserves the right to modify this policy without prior notice.

# FORM AOC-1

**(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)**
**Statement containing salient features of the financial statement of subsidiaries**

**Annexure II**

(FY 2022-2023)

(Amount in Rs. Million)

| Sr. No | Name of the subsidiary | The date since when subsidiary was acquired** | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Reporting currency and exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Share capital | Reserves & surplus | Total assets | Total liabilities | Investments | Turnover* | Profit/ (loss) before taxation* | Provision for taxation# | Profit/ (loss) after taxation* | Proposed dividend | % of shareholding |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Comviva Technologies Nigeria Limited | March 23, 2011 | - | NGN/0.178688703 | 122 | (24) | 436 | 338 | - | 260 | 136 | 50 | 86 | - | 100% |
| 2 | Comviva Technologies Singapore Pte. Ltd.^^ | September 8, 2011 | - | SGD/61.785 | - | - | - | - | - | - | - | - | - | - | 100% |
| 3 | Comviva Technologies FZ-LLC | February 19, 2012 | - | AED/22.376 | 1 | (119) | 907 | 1,025 | - | 816 | (41) | - | (41) | - | 100% |
| 4 | Comviva Technologies B.V. | April 30, 2015 | - | EUR/89.371 | 1,979 | (555) | 2,827 | 1,403 | 622 | 1,472 | (662) | (12) | (650) | - | 100% |
| 5 | Comviva Technologies (Argentina) S.A. ( formerly, ATS Advanced Technology Solutions S.A.) | January 31, 2016 | June 30 | ARS/0.632147 | 1 | 118 | 339 | 219 | - | 423 | 13 | 13 | (0) | - | 100% |
| 6 | ATS Advanced Technology solutions do Brasil Industria,Comercio, importacao E exportacao LTDA | January 31, 2016 | December 31 | BRL/15.64982974 | 195 | (147) | 244 | 195 | - | 277 | 37 | 7 | 30 | - | 100% |
| 7 | Comviva Technologies Colombia S.A.S | June 17, 2016 | December 31 | COP/0.017071379 | 1 | 58 | 98 | 40 | - | 153 | 36 | 9 | 26 | - | 100% |
| 8 | Comviva Technologies Madagascar Sarlu. | December 12, 2016 | - | MGA/0.019030789 | 1 | (2) | 3 | 4 | - | 4 | (3) | 1 | (3) | - | 100% |
| 9 | Comviva Technologies (Australia) Pty. Ltd | August 31, 2017 | - | AUD/54.962 | 1 | (152) | 459 | 610 | 334 | 125 | (67) | (18) | (49) | - | 100% |

(FY 2022-2023)

(Amount in Rs. Million)

| Sr. No | Name of the subsidiary | The date since when subsidiary was acquired** | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | Reporting currency and exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Share capital | Reserves & surplus | Total assets | Total liabilities | Investments | Turnover* | Profit/ (loss) before taxation* | Provision for taxation# | Profit/ (loss) after taxation* | Proposed dividend | % of shareholding |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 10 | Comviva Technologies Mexico, S. de R.L. de C.V.^^^ | February 09, 2018 | - | NA | - | - | - | - | - | - | - | - | - | - | 100% |
| 11 | Emagine International Pty. Ltd. ^ | September 01,2017 | - | AUD/54.962 | 105 | 194 | 300 | 1 | - | - | - | - | - | - | 100% |
| 12 | Comviva Technologies USA INC. | November 5, 2019 | - | USD/82.17 | 33 | (190) | 95 | 252 | - | 28 | (160) | (40) | (121) | - | 100% |
| 13 | Comviva Technologies Myanmar Limited^^^^^ | December 6, 2019 | - | MMK/0.039 | 11 | (35) | 214 | 238 | - | 36 | (22) | 5 | (27) | - | 100% |
| 14 | YABX Technologies (Netherlands) BV | June 04,2018 | - | USD/82.17 | 82 | (169) | 253 | 340 | - | 69 | (110) | (30) | (80) | - | 100% |
| 15 | Comviva Technologies Cote D'Ivoire | February 18, 2020 | December 31 | NA | - | - | - | - | - | - | - | - | - | - | 100% |
| 16 | YABX India Private Limited | July 15,2020 | - | INR/1 | 70 | 20 | 308 | 218 | - | 178 | 26 | 7 | 19 | - | 100% |
| 17 | Comviva Technologies Americas Inc^^^^ | November 4, 2021 | - | USD/82.17 | 1,808 | (178) | 2,911 | 1,280 | - | 1,820 | (382) | (208) | (174) | - | 100% |
| 18 | Comviva International Netherlands B.V. (Previously Dynacommerce Holding BV)^^^^^^ | January 04, 2023 | - | EUR/89.371 | 1,074 | (593) | 618 | 137 | - | 123 | 24 | (43) | 67 | - | 100% |

*Converted at the average exchange rate.

** It includes the date of incorporation in case of subsidiary which is incorporated.

# The amount also includes impact of deferred taxes.

^The final de-registration application was filed with local authorities on 28th March 2022.

^^ Effective November 12, 2021 entire stake in Comviva Technologies Singapore Pte. Ltd. has been divested.

^^^ Liquidated with effect from March 03, 2021

^^^^On November 04 2021, Comviva Technologies Americas Inc was incorporated as wholly owned subsidiary.

^^^^^Reporting period of Myanmar has been changed from 30th September to 31st March

^^^^^^ On January 02nd 2023, We have acquired Comviva International Netherlands B.V. (Previously Dynacommerce Holding Bv).

# INDEPENDENT AUDITOR'S REPORT

To the Members of Comviva Technologies Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of Comviva Technologies Limited (the "Company") which comprise the standalone balance sheet as at 31 March 2023, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 31 March 2023, and its profit and other comprehensive loss, 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 SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

### Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's directors' report, but does not include the financial statements and auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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.

### Management's and Board of Directors' Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are 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 the Board of Directors 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 Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 with reference to 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 the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) 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 A. 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors as on 01 April 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.

**B**. 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:

a. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its standalone financial statements - Refer Note 28 to the standalone financial statements.

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

d (i) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 42B to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 42B to the standalone financial statements, no funds have been received by the

Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The Company has neither declared nor paid any dividend during the year.

f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

**C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:**

In our opinion and according to the information and explanations given to us, the remuneration [paid/payable] by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

**Rahim Merchant**

Partner

Place: Pune

Membership No.: 132907

Date: 24 April 2023

ICAI UDIN:23132907BGYQAH5045

# ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF COMVIVA TECHNOLOGIES LIMITED FOR THE YEAR ENDED 31 MARCH 2023

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, plant and equipment by which all Property, plant and equipment are verified once in a period of two years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Certain discrepancies noticed on such verification were material and have been properly dealt with in the books of account.

(c) The Company does not have any immovable property (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company is a service company, primarily rendering information technology and related services. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made investments, provided guarantee or security, granted loans and advances in the nature of loans, secured or unsecured to companies, limited liability partnership and other parties in respect of which the requisite information is as below:

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity as below:

| Particulars | Guarantees (INR in Mio) | Security (INR in Mio) | Loans (INR in Mio | Advances in nature of loans<br><br>(INR in Mio) |
|---|---|---|---|---|
| Aggregate amount during the year<br><br>Subsidiaries* Joint ventures* Associates* Others | - | - | 163 | - |
| Balance outstanding as at balance sheet date Subsidiaries*<br>Joint ventures* Associates* Others* | - | - | 163 | - |

*As per the Companies Act, 2013

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made, guarantees provided, security given during the year and the terms and conditions of the grant of loans and advances in the nature of loans and guarantees provided during the year are, prima facie, not prejudicial to the interest of the Company.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion following instances of loans/advance in the nature of loan falling due during the year were renewed or extended or settled by fresh loans:

| Name of the parties | Aggregate amount of loans or advances in the nature of loans granted during the year<br><br>(INR in Mio) | Aggregate overdue amount settled by renewal or extension or by fresh loans granted to same parties<br><br>(INR in Mio) | Percentage of the aggregate to the total loans or advances in the nature of loans granted during the year |
|---|---|---|---|
| Yabx India Private Limited | 163 | 15 | 9% |

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and loans, guarantees and security given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") have been complied with.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the products manufactured by it (and/or services provided by it). Accordingly, clause 3(vi) of the Order is not applicable.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

| Name of the statute | Name of the dues | Amount (INR in Mio) | Period to which the amount relates | Forum where dispute is pending | Amount paid under protest, if any (INR in Mio) |
|---|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | 28 | FY 2012-13 | Commissionerof Income Tax (Appeals) | |
| Income Tax Act, 1961 | Income Tax | 11<br>9 | FY 2013-14 | Income Tax Appellate Tribunal (ITAT) | |
| Income Tax Act, 1961 | Income Tax | 1,880 | FY 2014-15 to FY 2021-22 | Commissionerof Income Tax (Appeals) | 4 |
| Burkina Faso authorities | Corporate tax, employer and apprenticeship tax, patent Tax, single tax on wages and salaries, VAT | 381 | Calendar year 2012 to 2021 | Commissionerof Income Tax (Appeals | 47 |
| Chad Tax Administration | VAT, WHT, Payroll and Income Tax Issues | 75 | Calendar year 2014 to 2020 | Assessing Officer | 30 |
| Republic of Congo | VAT, Payroll & Income tax | 37 | Calendar year 2012 to 2014 | Direction Départementale des Vérifications, Fiscale De Pointe-Noire | - |

| | | | | | |
|---|---|---|---|---|---|
| Malawi tax authorities | Corporate Tax | 5 | FY 2013-14 to FY 2019-20 | Income TaxOfficer | - |
| Niger Tax Authorities | Payroll, Corporate Tax & VAT matters | 72 | Calendar year 2016 to 2020 | Assessing Officer | 18 |
| Tanzania Tax Authorities | Corporate tax, VAT, SDL, & Payroll matters | 41 | Calendar year 2012,201 3,2016,20 18, 2019 | Tax authority | - |
| | | | & 2020 | | |
| Uganda Tax Authorities | Income Tax and VAT | 80 | FY 2016-17 & FY 2017-18 | Tax authority | 2 |
| Nigeria Tax authorities | Payroll, Transfer Pricing and WHT | 24 | 2014 to 2020 | Tax Authority | - |
| Finance Act 1994 | Service Tax | 392 | FY 2004 2005 to FY 2007-2008 | Custom Excise & Service Tax Appellate Tribunal | - |
| Gabon Tax Authorities | Indirect Taxes | 3 | FY 2013-2014 to 2017-2018 | General Secretariat, Provincial Department Of Estate Taxes, Ministry Of Sustainable Development,Ec onomy, Investment Promotion and Planning | 2 |
| Bangladesh Tax Authorities | Direct Tax | 0.4 | FY 2021 | Commissioner of Income Tax | - |

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Comviva Technologies Limited for the year ended 31 March 2023 (Continued)

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under the Act.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of 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. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

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

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by

Annexure A to the Independent Auditor’s Report on the Standalone Financial Statements of Comviva Technologies Limited for the year ended 31 March 2023 (Continued)

the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) has more than one CIC as part of the Group. The Group has 4 CICs as part of the Group

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

**Rahim Merchant**

Partner

Place: Pune

Membership No.: 132907

Date: 24 April 2023

ICAI UDIN:23132907BGYQAH5045

# ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF COMVIVA TECHNOLOGIES LIMITED FOR THE YEAR ENDED 31 MARCH 2023

**Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act**

**(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date**)

### Opinion

We have audited the internal financial controls with reference to financial statements of Comviva Technologies Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

### Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 judgement, including the assessment of the risks of material misstatement of the standalone 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 with reference to financial statements.

### Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 standalone 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 standalone financial statements.

**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

**Rahim Merchant**

Partner

Place: Pune

Membership No.: 132907

Date: 24 April 2023

ICAI UDIN:23132907BGYQAH5045

# STANDALONE BALANCE SHEET AS AT MARCH 31, 2023

₹ in million

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | 3A | **161** | 193 |
| (b) Capital work-in-progress | 3E | **35** | 37 |
| (c) Right of use assets | 3B | **124** | 205 |
| (d) Other Intangible assets | 3C | **26** | 53 |
| (e) Intangible assets under development | 3D | **326** | - |
| (f) Financial assets | | | |
| (i) Investments | 4(i) | **3,924** | 1,972 |
| (ii) Trade receivables | | | |
| - Unbilled | 9(i) | **-** | 40 |
| (iii) Loans | 5 | **163** | 15 |
| (iv) Other financial assets | 12(i) | **55** | 50 |
| (g) Income tax assets (net) | | **603** | 603 |
| (h) Deferred tax assets (net) | 6 | **446** | 442 |
| (i) Other non-current assets | 7(i) | **252** | 190 |
| **Total non-current assets** | | **6,115** | 3,800 |
| **Current assets** | | | |
| (a) Inventories | 8 | **-** | 12 |
| (b) Financial assets | | | |
| (i) Investments | 4(ii) | **-** | 954 |
| (ii) Trade receivables | 9(ii) | | |
| - Billed | | **3,738** | 3,301 |
| - Unbilled | | **1,371** | 1,057 |
| (iii) Cash and cash equivalents | 10 | **1,120** | 674 |
| (iv) Other balances with bank | 11 | **8** | 7 |
| (v) Other financial assets | 12(ii) | **241** | 180 |
| (c) Other current assets | 7(ii) | **1,732** | 931 |
| **Total current assets** | | **8,210** | 7,116 |
| **TOTAL ASSETS** | | **14,325** | 10,916 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity share capital | 13 | **243** | 219 |
| (b) Other equity | | | |
| Reserves and Surplus | 14 | **11,115** | 8,253 |
| Items of Other Comprehensive Income | | **(18)** | (30) |

₹ in million

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| | | **11,340** | 8,442 |
| **Liabilities** | | | |
| **Non current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Lease Liabilities | | **48** | 143 |
| (ii) Other financial liabilities | 18(i) | **-** | - |
| (b) Provisions | 15(i) | **341** | 247 |
| (c) Other non-current liabilities | 16(i) | **3** | 0 |
| **Total non-current liabilities** | | **392** | 390 |
| **Current Liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Lease Liabilities | | **105** | 79 |
| (ii) Trade payables | 17 | | |
| - Dues of micro and small enterprises | | **55** | 20 |
| - Dues of creditors other than micro and small enterprises | | **1,601** | 1,084 |
| (iii) Other financial liabilities | 18(i) | **324** | 388 |
| (b) Other current liabilities | 16(ii) | **296** | 236 |
| (c) Provisions | 15(ii) | **122** | 85 |
| (d) Income tax liabilities (net) | | **90** | 192 |
| **Total current liabilities** | | **2,593** | 2,084 |
| **TOTAL EQUITY AND LIABILITIES** | | **14,325** | 10,916 |
| **See accompanying notes forming part of standalone financial statements** | 1-44 | | |

**As per our report of even date attached**

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No : 101248W/W-100022

For and on behalf of the Board of Directors of
Comviva Technologies Limited

**Rahim Merchant**
Partner
Membership No.: 132907
Pune

**Jagdish Mitra**
Director
Gurugram
DIN: 06445179

**Manoranjan Mohapatra**
Whole-time Director and CEO
Gurugram
DIN: 00043930

**Neeraj Jain**
Chief Financial Officer
Gurugram

**Parminder Singh Bakshi**
Company Secretary
Gurugram

Date: April 24, 2023

Date: April 24, 2023

# STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

₹ in million

| Particulars | | Note No. | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|
| **CONTINUING OPERATIONS** | | | | |
| I. | Revenue from operations | 19 | **8,774** | 6,484 |
| II. | Other income | 20 | **223** | 315 |
| **III.** | **Total Income (I+II)** | | **8,997** | 6,799 |
| **IV.** | **Expenses** | | | |
| | (a) Employee benefits expense | 21 | **3,339** | 2,674 |
| | (b) Subcontracting cost | | **1,100** | 588 |
| | (c) Finance costs | 22 | **14** | 18 |
| | (d) Depreciation and amortization expense | 3 | **263** | 255 |
| | (e) Other expenses | 23 | **2,409** | 1,684 |
| | (f) Impairment of non-current investment in subsidiaries | 4(i) | **538** | - |
| | **Total expenses** | | **7,663** | 5,219 |
| **V.** | **Profit before tax from continuing operations** | | **1,334** | 1,580 |
| **VI.** | **Tax expenses:** | | | |
| | (a) Current tax | 38 | **698** | 1,098 |
| | (b) Deferred tax expense / (credit) | 39 | **70** | 32 |
| | | | **768** | 1,130 |
| **VII.** | **Profit after tax from continuing operations** | | **566** | 450 |
| | **DISCONTINUED OPERATIONS** | | | |
| | (a) Profit/(Loss) before tax from discontinued operations | 43 | **(117)** | (40) |
| | (b) Tax (credit) from discontinued operations | 39 | **(67)** | (29) |
| **VIII.** | **Profit after tax from discontinued operations** | | **(50)** | (11) |
| **IX.** | **Profit after tax** | | **516** | 439 |
| **X.** | **Other comprehensive (loss)/income** | | | |
| A) | (I) Items that will not be reclassified to profit or loss | | | |
| | (a) Re-measurement (loss) on defined benefit plans | | **(19)** | (40) |
| | (II) Income tax income relating to items that will not be reclassified to profit or loss | | **5** | 10 |
| B) | (I) Items that will be reclassified to profit or loss | | | |
| | (a) Net movement of effective portion on cash flow hedge | | **(5)** | (3) |

₹ in million

| Particulars | | Note No. | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|
| | (II) Income tax income relating to items that will be reclassified to profit or loss | | **1** | 1 |
| **XI.** | **Other comprehensive loss for the year** | | **(18)** | (32) |
| **XII.** | **Total comprehensive income for the year** | | **498** | 407 |
| **XIII.** | **Earnings per Equity share - Continuing Operations** | 32 | | |
| | (a) Basic (in ₹) | | **24.92** | 20.58 |
| | (b) Diluted (in ₹) | | **24.92** | 20.58 |
| | **Earnings per Equity share - Discontinued Operations** | | | |
| | (a) Basic (in ₹) | | **(2.18)** | (0.50) |
| | (b) Diluted (in ₹) | | **(2.18)** | (0.50) |
| | Earnings per Equity share -Continuing and Discontinued Operations | | | |
| | (a) Basic (in ₹) | | **22.74** | 20.08 |
| | (b) Diluted (in ₹) | | **22.74** | 20.08 |
| | **See accompanying notes forming part of standalone financial statements** | 1-44 | | |

**As per our report of even date attached**

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No : 101248W/W-100022

**Rahim Merchant**
Partner
Membership No.: 132907
Pune

Date: April 24, 2023

For and on behalf of the Board of Directors of
Comviva Technologies Limited

**Jagdish Mitra**
Director
Gurugram
DIN: 06445179

**Manoranjan Mohapatra**
Whole-time Director and CEO
Gurugram
DIN: 00043930

**Neeraj Jain**
Chief Financial Officer
Gurugram

**Parminder Singh Bakshi**
Company Secretary
Gurugram

Date: April 24, 2023

# STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

### a. Equity share capital

| Particulars | Number of Shares | Equity Share Capital (₹ in Million) |
|---|---|---|
| Balance As at April 1, 2021 | 21,869,000 | 219 |
| **Balance as at March 31, 2022** | **21,869,000** | **219** |
| Balance as at April 1, 2022 | 21,869,000 | 219 |
| Changes in equity share capital during the year | 2,474,226 | 24 |
| **Balance as at March 31, 2023** | **24,343,226** | **243** |

### b. Other Equity

₹ in Million

| Particulars | Reserves & Surplus | | | Items of OCI | Total |
|---|---|---|---|---|---|
| | Securities Premium | Capital Reserve | Retained Earnings | Effective portion of Cash flow Hedge | |
| Balance As at April 1, 2021 | 566 | 53 | 7,627 | 7 | 8,253 |
| Profit for the year | - | - | 439 | - | 439 |
| Other comprehensive Income | - | - | (30) | (2) | (32) |
| Total comprehensive income | **-** | **-** | **409** | **(2)** | **407** |
| Dividend (Refer note 13) | - | - | (437) | - | (437) |
| Balance as at March 31, 2022 | 566 | 53 | 7,599 | 5 | 8,223 |
| Balance as at April 1, 2022 | 566 | 53 | 7,599 | 5 | 8,223 |
| Profit for the year | - | - | 516 | - | 516 |
| Additions during the year | 2,376 | - | - | - | 2,376 |
| Other comprehensive income | - | - | (14) | (4) | (18) |
| Total comprehensive income | 2,376 | - | 502 | (4) | 2,874 |
| Balance as at March 31, 2023 | 2,942 | 53 | 8,101 | 1 | 11,097 |

**Securities Premium**

Securities premium reserve represents premium on issue of shares.

**Capital Reserve**

The Company recognises profit and loss on purchase, sale, issue or cancellation of the Company's own equity instruments to capital reserve.

**Retained Earnings:**

Retained earnings represents the undistributed profits of the Company accumulated as on Balance Sheet date.

**Cash Flow Hedging Reserve :**

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cashflow hedges. Such gains or losses will be reclassified to statement of profit and loss in the period in which the hedged transaction occurs.

**As per our report of even date attached**

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No : 101248W/W-100022

**Rahim Merchant**
Partner
Membership No.: 132907
Pune

Date: April 24, 2023

For and on behalf of the Board of Directors of
Comviva Technologies Limited

**Jagdish Mitra**
Director
Gurugram
DIN: 06445179

**Manoranjan Mohapatra**
Whole-time Director and CEO
Gurugram
DIN: 00043930

**Neeraj Jain**
Chief Financial Officer
Gurugram

**Parminder Singh Bakshi**
Company Secretary
Gurugram

Date: April 24, 2023

# STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

₹ in million

| Particulars | For the year ended March 31, 2023 | | For the year ended March 31, 2022 | |
|---|---|---|---|---|
| | **₹ in million** | **₹ in million** | ₹ in million | ₹ in million |
| **A] Cash flows from operating activities** | | | | |
| Profit before tax | | **1,217** | | 1,540 |
| Adjustments for: | | | | |
| Depreciation and amortization | **263** | | 255 | |
| Profit on sale of property, plant and equipment (net) | **(3)** | | (1) | |
| Loss/(gain) due to fair valuation changes on financial assets | **-** | | 4 | |
| Profit on sale of investment in mutual funds and bonds | **(10)** | | (46) | |
| Interest expense | **14** | | 18 | |
| Interest income | **(21)** | | (13) | |
| Dividend received from subsidiary | **-** | | (65) | |
| Profit on sale of investment in subsidiary | **-** | | (2) | |
| Impairment of non-current investments | **538** | | (13) | |
| Unrealised foreign exchange (gain)/loss | **(30)** | | (34) | |
| Reversal of provision no longer required | **-** | | (37) | |
| Provision for doubtful debts (net) | **303** | | 327 | |
| | | **1,054** | | 393 |
| **Operating Profit before working capital changes** | | **2,271** | | 1,933 |
| **Working capital adjustments:** | | | | |
| Trade payable, other liabilities and provisions | **671** | | 43 | |
| Other liabilities and provisions | **-** | | (93) | |
| Trade receivables | **(945)** | | (229) | |
| Other assets, loans and advances | **(905)** | | (182) | |
| | | **(1,179)** | | (461) |
| **Cash generated from operations** | | **1,092** | | 1,472 |
| Income taxes paid (net of refund) | | **(798)** | | (861) |
| **Net cash flows from operating activities (A)** | | **294** | | 611 |
| **B] Cash flows from investing activities** | | | | |
| Purchase of property, plant and equipment, intangible assets & intangible assets under development | **(490)** | | (128) | |
| Interest received | **20** | | 14 | |
| Purchase of mutual funds | **(440)** | | (4,080) | |
| Proceeds from sale/ redemption of mutual funds | **1,402** | | 4,670 | |
| Proceed from sale of subsidiary | **-** | | 2 | |
| Proceeds from sale/ redemption of Bonds | **16** | | - | |
| Investment in subsidiary | **(2,496)** | | (1,433) | |

₹ in million

| Particulars | For the year ended March 31, 2023 | | For the year ended March 31, 2022 | |
|---|---|---|---|---|
| | **₹ in million** | **₹ in million** | ₹ in million | ₹ in million |
| Proceeds from additional business consideration | **-** | | 725 | |
| Margin money | **(1)** | | - | |
| Loan given to subsidiary | **(148)** | | (38) | |
| Repayment of loan from subsidiary | **-** | | 53 | |
| Sale of property, plant and equipment | **3** | | 6 | |
| Dividend received from subsidiary | **-** | | 65 | |
| **Net Cash flows from investing activities (B)** | | **(2,134)** | | (144) |
| **C] Cash flows from financing activities** | | | | |
| Proceeds from issue of share capital | **2,400** | | - | |
| Payment of dividend | **-** | | (437) | |
| Repayment of lease liabilities | **(79)** | | (67) | |
| Interest Paid | **(19)** | | (18) | |
| **Net cash flows from financing activities (C)** | | **2,302** | | (522) |
| **D] Exchange differences on translation of foreign currency cash and cash equivalents (D)** | | **(15)** | | 7 |
| **"Net increase/(decrease) in cash and cash equivalents (A + B+ C + D)"** | | **446** | | (48) |
| Cash & cash equivalents at the end of the year | | **1,120** | | 674 |
| Cash & cash equivalents at the beginning of the year | | **674** | | 722 |
| **Net increase/(decrease) in cash and cash equivalents** | | **446** | | (48) |

| Particulars | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Note 1: | | |
| Cash and cash equivalents include: | | |
| Cash on hand | **-** | - |
| Remittances in transit | **277** | 215 |
| Balance with banks | | |
| - In current accounts | **484** | 242 |
| - In deposit accounts | **359** | 217 |
| **Total Cash and cash equivalents - refer note 9** | **1,120** | 674 |

**Note 2:**

Figures in brackets represent outflow of cash and cash equivalents.

**Note 3:**

The above cash flow statement has been prepared under the indirect method as set out in Ind AS 7 on Cash Flow Statements.

**Note 4:**

During the current and previous period, there were no non-cash changes in financial liabilities resulting from financing activities. Accordingly, the reconciliation between opening and closing balances in the balance sheet for liabilities arising from financing acivities including both changes arising from cash flow and non-cash flow changes as required based on paragraph 44 of Ind AS 7 on “Statement of Cash Flows” has not been given.

See accompanying notes forming part of standalone financial statements

**As per our report of even date attached**

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No : 101248W/W-100022

**Rahim Merchant**
Partner
Membership No.: 132907
Pune

Date: April 24, 2023

For and on behalf of the Board of Directors of
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Director
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**Manoranjan Mohapatra**
Whole-time Director and CEO
Gurugram
DIN: 00043930

**Neeraj Jain**
Chief Financial Officer
Gurugram

**Parminder Singh Bakshi**
Company Secretary
Gurugram

Date: April 24, 2023

## 1. Company Overview

Comviva Technologies Limited ("the Company") is provider of mobility solutions and a part of Mahindra Group. The company's offerings are broadly divided into three categories: Financial Solutions, Digital Systems and Growth Marketing. Its extensive portfolio of solutions spans digital financial services, customer value management, messaging and broadband solution and digital lifestyle services. The company strives to enable service providers to enhance customer experience, resolve real, on-ground challenges and leverage technology to transform the lives of customers. Comviva's solutions are deployed at various service providers and financial institutions and enrich the lives of people to deliver a better future.

The Company is a subsidiary of Tech Mahindra Limited.

The standalone financial statements ('financial statement') for the year ended March 31, 2023 were approved by the Board of Directors and authorised for issue on April 24, 2023.

## 2. Significant Accounting Policies

### 2.1 Statement of Compliance

The standalone financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.

### 2.2 Basis for preparation of financial statements

These standalone financial statements are presented in Indian rupees ("INR") which is also the Company's functional currency. All amounts have been reported in Indian Rupees Million, except for share and earnings per share data, unless otherwise stated. These standalone financial statements have been prepared on the historical cost basis and on accrual basis, except for certain financial instruments which are measured at fair values at the end of each reporting period as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Current/ Non-current classification

The Company classifies an asset as current asset when:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is 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 classified as current when –

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after

the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement

by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash

or cash equivalents. The Company's normal operating cycle is twelve months.

In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purpose in these standalone financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 Inventories or value in use in Ind AS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The financials statements of Comviva ESOP trust has also been consolidated with Comviva Technologies Ltd. (India) financials.

**2.3 Use of Estimates:**

The preparation of financial statements requires the management of the company to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. 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 future periods are affected.

Critical accounting estimates

**i) Revenue Recognition**

The Company applies the proportionate method for measurement of performance obligation in accounting for its fixed price development contracts. Use of the proportionate method requires the Company to estimate the efforts to date as a proportion of the total budgeted efforts. Efforts have been used to measure progress towards completion as there is a direct relationship between input and productivity. The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

**ii) Income taxes**

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. The policy for the same has been explained under Note 2.12.

**iii) Property, plant and equipment**

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation 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 at the end of each reporting period. 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. The policy for the same has been explained under Note 2.4.

**iv) Impairment of Investments**

The Company reviews its carrying value of investments in subsidiaries and other entities at cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

**v) Provisions**

Provision is recognized when the Company 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 a reliable estimate can be made. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. The policy for the same has been explained under Note 2.14.

**2.4 Property, Plant & Equipment and Other Intangible assets**

Property, Plant & Equipment and Other Intangible assets are stated at actual cost less accumulated depreciation and net of impairment. The actual cost capitalized includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on Property, Plant & Equipment including assets taken on lease, other than freehold land is charged based on straight line method on an estimated useful life as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, where the life of the assets has been assessed based on technical advice, considering the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

| Type of Asset | Estimated useful life |
|---|---|
| Plant and Equipment (Including Computers & Electronic equipments) | 3-5 years |
| Office Equipment | 5 years |
| Furniture and Fixtures | 5 years |

The estimated useful lives and residual values of the Property, Plant & Equipment and Other Intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of Property, Plant & Equipment and intangible assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant & Equipment and intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss.

Improvements to leased premises are amortized over their estimated useful life or period of the lease, whichever is shorter.

Assets costing up to ₹ 5,000 are fully depreciated in the year of purchase except when they are part of a larger capital investment programme.

Computer Software and hardware acquired for specific projects are amortized over the initial contract life of the project.

The cost of Software purchased for internal use is capitalized and depreciated in full in the month in which it is put to use.

Intellectual Property Right (IPR) is amortized over a period of 4 years.

**2.5 Leases**

At inception of the contract, the Company determines whether the contract is a lease or contains a lease arrangement. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the standalone statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in standalone statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

**Company as a lessor**

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor’s net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from Customer Contracts to allocate the consideration in the contract.

**2.6 Impairment of Assets**

**i) Financial assets**

Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Impairment loss on financial assets carried at amortized cost is measured at the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. In a subsequent period, if the amount of impairment loss decreases and the decrease can be related objectively to an event, the previously recognized impairment is reversed through Statement of profit and loss.

**ii) Non-financial assets**

Property, Plant & Equipment and Other Intangible assets

Property, Plant and Equipment and Other intangible assets with finite life are evaluated for recoverability when there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 unit (CGU) to which the asset belongs.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the Statement of profit and loss.

**2.7 Inventories**

Inventories are stated at lower of cost or net realizable value. In determining the cost of materials, the weighted average cost method is used.

**2.8 Revenue recognition**

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Revenue from time and material and job contracts is recognised on output basis measured by units delivered, efforts expended, number of transactions processed, etc.

Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.

In case of revenue sharing arrangements, revenue is recognized basis actual usage of value-added services as per contractually agreed rates.

Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognised upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customisation services rendered, revenue against these services recognised over the period of time using proportionate method for measuring performance obligation.

Revenue on fixed price development contracts is recognised using the 'percentage of completion' method of accounting, unless work completed cannot be reasonably estimated. Percentage of completion is determined based on actual hours incurred to date as a percentage of total budgeted hours 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 recognised only to the extent of contract cost incurred for which recoverability is probable.

Revenue from the sale of distinct third party hardware is recognised at the point in time when risk and rewards is transferred to the customer.

The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue (“contract liability”) is recognised when there is billings in excess of revenues.

Use of judgments in revenue recognition.

The Company’s contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

Contract fulfilment costs are generally expensed as incurred except for certain software licence costs which meet the criteria for capitalisation. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered

Dividend income is recognized when the Group’s right to receive dividend is established.

**2.9 Foreign currency transactions**

The functional currency of the company is Indian Rupees (INR).

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the dates of Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the Statement of profit and loss.

**2.10 Financial Instruments:**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

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.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognized in Statement of profit and loss.

**i) Non-derivative financial instruments:**

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized 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.

Financial assets at fair value

Financial asset not measured at amortized cost is carried at fair value through profit and loss (FVTPL) on initial recognition, unless the company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investment in equity instruments which are not held for trading.

The Company, on initial application of IND AS 109 Financial Instruments, has made an irrevocable election to present in other comprehensive income subsequent changes in fair value of equity instruments not held for trading.

Financial asset at FVTPL are measured at fair values at the end of each reporting period, with any gains or losses arising on re-measurement recognized in Statement of profit and loss.

Investment in subsidiaries

Investment in subsidiaries is carried at cost less impairment as per Ind AS 27 Consolidated and Separate Financial Statements.

Financial liabilities

Financial liabilities maturing after one year are subsequently carried at amortized cost using the effective interest method.

For trade payables and other financial liabilities maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**ii) Derivative financial instruments and hedge accounting**

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. The Company designates some of these as cash flow hedges applying the recognition and measurement principles set out in the Ind AS 109.

The use of foreign currency forward contracts is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy. The counter party to the Company's foreign currency forward contracts is generally a bank. The Company does not use derivative financial instruments for speculative purposes.

Foreign currency forward contract derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognized in other comprehensive income and accumulated under hedging reserve and the ineffective portion is recognized immediately in the Statement of Profit and Loss.

Amounts previously recognized in other comprehensive income and accumulated in hedging reserve are reclassified to profit or loss in the same period in which gains/losses on the item hedged are recognized in the Statement of Profit or Loss. However when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in hedging reserve are transferred from hedging reserve and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Any Profit or Loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense in the period in which such cancellation or renewal occurs. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the Statement of Profit and Loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Cumulative gain or loss on the hedging instrument classified in hedging reserve is retained there and is classified to Statement of Profit and Loss when the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in hedging reserve is transferred to the Statement of Profit and Loss for the period.

**iii) Derecognition of financial instruments**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The Company derecognises financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or have expired.

**2.11 Employee benefits**

**i) Gratuity:**

The Company accounts for its gratuity liability, a defined retirement benefit plan covering eligible employees. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee’s salary and the tenure of the employment. Liabilities with regard to a Gratuity plan are determined based on the actuarial valuation carried out by an independent actuary as at the Balance Sheet date using the Projected Unit Credit method for India location. Certain overseas branches of the company also provide for retirement benefit plans in accordance with local laws.

Actuarial gains and losses are recognized in full in other comprehensive income and accumulated in equity in the period in which they occur. Past service cost is recognized in profit or loss in the period of a plan amendment.

**ii) Provident fund:**

The eligible employees of the Company are entitled to receive the benefits of Provident fund in which both employees and the Company make monthly contributions at a specified percentage of the covered employees’ salary (currently at 12% of the basic salary) which are charged to the Statement of Profit and Loss on accrual basis. Contribution is made to recognised provident fund with effect from September 1, 2020. Till August 31, 2020 a portion of the contribution was made to the approved provident fund trust managed by the Company while the remainder of the contribution is made to the government administered pension fund. The contributions to the trust managed by the Company is accounted for as a defined benefit plan as the Company is liable for any shortfall in the fund assets based on the government specified minimum rates of return.

**iii) Compensated absences:**

The Company provides for the compensated absences subject to Company's certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is provided based on the number of days of unavailed leave at each Balance Sheet date on the basis of an independent actuarial valuation using the Projected Unit Credit method for India location and some branches of Company, whereas provision for encashment of unavailed leave on retirement is made on actual basis for other branches of Company.

Actuarial gains and losses are recognized in full in the Statement of Profit and Loss in the period in which they occur. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

**iv) Other short term employee benefits:**

Other short-term employee benefits such as overseas social security contributions and performance incentives expected to be paid in exchange for the services rendered by employees, are recognized during the period when the employee renders the service.

**2.12 Taxation:**

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the local tax laws existing in the respective countries.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the income taxes or deferred taxes are recognized in other comprehensive income or directly in equity, respectively.

Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

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.

Deferred income tax asset are recognized to the extent that 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.

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 tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is probable evidence that the Company will pay normal income tax in future.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

**2.13 Earnings per share**

Basic earnings/(loss) per share are calculated by dividing the net profit/(loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the year and also after the Balance Sheet date but before the date the financial statements are approved by the Board of Directors.

For the purpose of calculating diluted earnings/(loss) per share, the net profit/(loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**2.14 Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized when the Company 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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities and Contingent assets are not recognized in the financial statements.

**2.15 Provision for Warranty**

The Company has an obligation by way of warranty to maintain the software during the period of warranty, which may vary from contract to contract. Costs associated with such sale are accrued at the time when related revenues are recorded and included in cost of service delivery. The Company estimates such cost based on historical experience and the estimates are reviewed periodically for material changes in the assumptions.

**2.16 Research and Development**

Expenditure on research is written off in the period in which it is incurred. Development expenditure incurred on specific projects is capitalised where the Board is satisfied that the following criteria have been met:

- it is technically feasible to complete the software product so that it will be available for use and management intends to complete the software product and use or sell it

- it can be demonstrated how the software product will generate probable future economic benefits

- adequate technical, financial, and other resources to complete the development and to use or sell the software product are available; and

- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

External software license cost includes expenditure that is directly attributable to the acquisition of the items.

Computer software development expenditure and external software licenses recognised as assets are amortised on a straight-line basis over their estimated useful lives, which does not exceed 3 years

Development Costs

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

**2.17 Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of that asset. All other borrowing costs are charged to the statement of profit and loss.

**2.18 Discontinued operations**

A discontinued operation is a component of Company's business, the operations and cash flows of which can be clearly distinguished from those of the rest of the Company and which represents a separate major line of business or geographical area of operations and

i. Is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or

ii. Is a subsidiary acquired exclusively with a view to re-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit loss is re-presented as if the operation had been discontinued from the start of the comparative period.

**2.19 Recent accounting pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

Ind AS 1 – Presentation of Financial Statements The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

# NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

## Note 3A - Property, Plant and Equipment

₹ in million

| Particulars | Gross Block | | | | Accumulated Depreciation / Amortization | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2022 | Additions during the year | Disposals during the year | As at March 31, 2023 | As at April 1, 2022 | During the year | On disposal during the year | As at March 31, 2023 | As at March 31, 2023 | As at March 31, 2022 |
| Plant and equipments | 982 | 82 | 68 | 996 | 817 | 105 | 69 | 853 | 143 | 165 |
| Previous year | (900) | (114) | (32) | (982) | (746) | (102) | (31) | (817) | (165) | (154) |
| Furniture and fixtures | 22 | 1 | - | 23 | 19 | 2 | - | 21 | 2 | 3 |
| Previous year | (25) | (3) | (6) | (22) | (19) | (5) | (5) | (19) | (3) | (6) |
| Office equipments | 94 | 3 | 2 | 95 | 72 | 9 | 1 | 80 | 15 | 22 |
| Previous year | (94) | (3) | (3) | (94) | (64) | (11) | (3) | (72) | (22) | (30) |
| Improvement to leased premises | 54 | 1 | - | 55 | 51 | 3 | - | 54 | 1 | 3 |
| Previous year | (108) | - | (54) | (54) | (88) | (14) | (51) | (51) | (3) | (20) |
| **Total** | 1,152 | 87 | 70 | 1,169 | 959 | 119 | 70 | 1,008 | 161 | 193 |
| Previous year | (1,127) | (120) | (95) | (1,152) | (917) | (132) | (90) | (959) | (193) | (210) |

## Note 3B - Right of use asset

₹ in million

| Particulars | Gross Block | | | | Accumulated Depreciation / Amortization | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2022 | Additions during the year | Disposals during the year | As at March 31, 2023 | As at April 1, 2022 | During the year | On disposal during the year | As at March 31, 2023 | As at March 31, 2023 | As at March 31, 2022 |
| Right to use of office premises | 467 | 15 | - | 482 | 262 | 96 | - | 358 | 124 | 205 |
| Previous year | (462) | (5) | - | (467) | (174) | (88) | - | (262) | (205) | (288) |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total** | 467 | 15 | - | 482 | 262 | 96 | - | 358 | 124 | 205 |
| Previous year | (462) | (5) | - | (467) | (174) | (88) | - | (262) | (205) | (288) |

**Note 3C - Intangible Assets (Other than internally generated)**

₹ in million

| **Particulars** | **Gross Block** | | | | **Accumulated Depreciation / Amortization** | | | | **Net Block** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **As at April 1, 2022** | **Additions during the year** | **Disposals during the year** | **As at March 31, 2023** | **As at April 1, 2022** | **During the year** | **On disposal during the year** | **As at March 31, 2023** | **As at March 31, 2023** | **As at March 31, 2022** |
| Computer software | 590 | 21 | - | **611** | 590 | 16 | - | **606** | **5** | - |
| Previous year | (587) | (3) | - | **(590)** | (587) | (3) | - | **(590)** | **-** | - |
| Intellectual property rights | 163 | - | - | **163** | 110 | 32 | - | **142** | **21** | 53 |
| Previous year | (163) | - | - | **(163)** | (78) | (32) | - | **(110)** | **(53)** | (85) |
| **Total** | 753 | 21 | - | **774** | 700 | 48 | - | **748** | **26** | 53 |
| Previous year | (750) | (3) | - | **(753)** | (665) | (35) | 0 | **(700)** | **(53)** | (85) |

**Note 3D - Intangible assets under development (Internally generated assets)**

The Company has incurred in Research and Development costs towards research, technology, engineering and new product development. The Company follows a policy of capitalising new product development, which meets the criteria of Ind AS 38 intangible assets and has accordingly recognised such cost as Internally generated intangible asset under 'intangible assets under development'.

The details of expenses which are recognised as intangible assets under development is as follows:

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Salary, wages and bonus | **256** | - |
| Subcontracting cost | **70** | - |
| **Total** | **326** | - |

**Ageing of Intangible assets under development**

| **Intangible assets under development** | **Amount of Intangible Assets under development for a period of** | | | | |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| Projects in progress | 326 | - | - | - | 326 |
| Projects temporarily suspended | - | - | - | - | - |

| **Intangible assets under development** | **Amount of Intangible Assets under development for a period of** | | | | |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| Projects in progress | - | - | - | - | - |
| Projects temporarily suspended | - | - | - | - | - |

| | **As at March 31, 2022** | | | | |
|---|---|---|---|---|---|
| **Intangible assets under development** | **Amount of Intangible Assets under development for a period of** | | | | |
| | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| Projects in progress | - | - | - | - | - |
| Projects temporarily suspended | - | - | - | - | - |

**Intangible assets under development the completion of which is overdue:-**

| **Intangible assets under development** | **As at March 31, 2023** | | | |
|---|---|---|---|---|
| | **Less than one year** | **1-2 years** | **2-3 years** | **More than 3 years** |
| (i) Projects in progress | | | | |
| Mobiquity Pay v11 | 96 | - | - | - |
| PreTUPS V8 | 21 | - | - | - |
| MRTM 0.5 | 49 | - | - | - |
| DBXP | 61 | - | - | - |

**Note 3E - Capital work-in-progress**

**Capital work-in-progress ageing schedule as on March 31, 2023**

| CWIP | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 35 | - | - | - | 35 |
| Projects temporarily suspended | - | - | - | - | - |

**Capital work-in-progress ageing schedule as on March 31, 2022**

| CWIP | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 37 | - | - | - | 37 |
| Projects temporarily suspended | - | - | - | - | - |

| CWIP | Amount in CWIP for a period of | | | |
|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years |
| Project 1 | - | - | - | - |
| Project 2 | - | - | - | - |

The Company does not have any CWIP which is overdue or as exceeded its cost compared to its original plan and hence CWIP completion schedule is not applicable.

**Note 4 (i)- Non-current investments :**

| | | ₹ in million |
|---|---|---|
| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
| **a) In subsidiaries** | | |
| Comviva Technologies Nigeria Limited | **151** | 151 |
| 683,916,187 (March 31, 2022: 683,916,187) common Stock of Naira 1 each, fully paid up | | |
| Comviva Technologies FZ-LLC | **1** | 1 |
| 55 (March 31, 2022: 55) Common Stock of AED 1,000 each, fully paid up | | |
| Comviva Technologies B.V. * | **2,296** | 1,677 |
| 22,138,790 (March 31, 2022: 19,055,090) Common Stock of EUR 1 each, fully paid up | | |
| Comviva Technologies (Argentina) S.A. | **14** | 13 |
| 790 (March 31, 2022: 790) common stock ARL 1 Each, fully paid) | **(14)** | |
| Less : Provision for diminution in the value of investments # | **-** | |
| Comviva Technologies Do Brasil Indústria, Comércio, Importação E Exportação LTDA (Formerly known as ATS Advanced Technology Solutions Do Brasil Industria, Comercio, Importacao E Exportacao LTDA) | **2** | |
| 5,000 (March 31, 2022: 5,000) common stock BRL 1 Each, fully paid | **(2)** | |
| Less : Provision for diminution in the value of investments # | **-** | 2 |
| Comviva Technologies Madagascar Sarlu | **1** | 1 |
| 3,200 shares (March 31, 2022: 3,200) for MGA 20,000 Each, fully paid | | |

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Comviva Technologies USA Inc | **30** | 30 |
| 400,000 shares (March 31, 2022: 400,000) for USD 1 per share | | |
| Comviva Technologies Myanmar Limited | **15** | 15 |
| 200,000 shares (March 31, 2022: 200,000) for USD 1 Each, fully paid | | |
| YABX India Private Limited | **70** | 70 |
| 7,000,000 shares (March 31, 2022: 7,000,000) for INR 10 Each, fully paid | | |
| YABX Technologies (Netherlands) BV | **83** | - |
| (Company has made investment on 24 March 2023, however shares are pending allotment) | | |
| Comviva Technologies Americas Inc. | **1,794** | - |
| 22,000,000 shares (March 31, 2022: Nil) for USD 1 per share | **(522)** | |
| Less : Provision for diminution in the value of investments # | **1,272** | |
| **Subtotal (a)** | **3,919** | 1,960 |
| **b) Investment in bonds-quoted (Carried at fair value through P&L)** | | |
| Corporate bonds | **5** | 12 |
| **Subtotal (b)** | **5** | 12 |
| **Total (a)+(b)** | **3,924** | 1,972 |

# Note : The Company has investments in subsidiaries . These investments are accounted for at cost less impairment. Management assesses the operations of these entities, including the future projections, to identify indications of diminution, other than temporary, in the value of the investments.In case where impairment triggers are identified, the recoverable amount of the investment is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized if the investment's carrying amount exceeds the greater of its fair value less costs to sell and value in use.The performance in few of the subsidiaries and the relevant economic and market indicators have led the company to reassess recoverable amount in the subsidiaries listed below, as at March 31, 2023.Since the recoverable amount determined was lower than the carrying value ofthe respective investment, the Company has recognized an impairment loss of 538 million for the year ended March 31, 2022 (March 31, 2022 ₹ Nil ).

The discount rate used to determine the investment's value in use as at March 31, 2023 are as follows:

| Particulars | Mar-23 |
|---|---|
| Comviva Technologies Americas Inc. | 15.15% |
| Comviva Technologies Do Brasil Indústria, Comércio, Importação E Exportação LTDA (Formerly known as ATS Advanced Technology Solutions Do Brasil Industria, Comercio, Importacao E Exportacao LTDA) | 21.81% |
| Comviva Technologies (Argentina) S.A. | 53.68% |

**Note 4 (ii) - Current investments :**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **a) Investment in mutual funds-unquoted (Carried at fair value through P&L)** | | |
| UTI Liquid Cash Plan - Direct Growth Plan: Nil units (Previous year: 164,031.66 units @ NAV ₹ 3,488.04) | **-** | 572 |
| Mahindra Manulife Liquid Fund Direct Growth: Nil units (Previous year: 275,760.45 units @ NAV ₹ 1,384.18) | **-** | 382 |
| Total | **-** | 954 |

**Note 5 - Loans : Non Current**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Loans to subsidiary:** | | |
| - Considered good – Unsecured | **163** | 15 |
| - Allowance for expected credit loss | **-** | - |
| | **163** | 15 |
| **Total** | **163** | 15 |

**Loans and advances to Directors/ KMP/ Related parties as at March 31, 2023**

| Type of Borrower | Amount of loan or advance in the nature of loan outstanding | Percentage to the total Loans and Advances in the nature of loans |
|---|---|---|
| Promoters | - | 0% |
| Directors | - | 0% |
| KMPs | - | 0% |
| Related Parties | 163 | 100% |

**Loans and advances to Directors/ KMP/ Related parties as at March 31, 2022**

| Type of Borrower | Amount of loan or advance in the nature of loan outstanding | Percentage to the total Loans and Advances in the nature of loans |
|---|---|---|
| Promoters | - | 0% |
| Directors | - | 0% |
| KMPs | - | 0% |
| Related Parties | 15 | 100% |

**Note 6 - Deferred tax assets (refer Note 39):**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Break up of deferred tax assets** | | |
| Provision for Employee benefits | **180** | 159 |
| Provision for doubtful Trade receivables | **284** | 227 |
| Investments | | |
| Others | **46** | 60 |
| **Break up of deferred tax liability** | | |
| Cash flow hedging reserve | | - |
| Property, Plant & Equipment and Intangible assets | **(62)** | (1) |
| Changes in fair value of derivatives designated as hedges | **(2)** | (2) |
| **Total** | **446** | 443 |

**Note 7 - Other Assets :**

**(i) Other non current assets**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| - Balance with Government authorities | **249** | 180 |
| - Prepaid expenses | **3** | 8 |
| - Capital advances | **-** | 2 |
| **Total** | **252** | 190 |

**(ii) Other current assets**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| - Advance to suppliers | | |
| - Considered good | **139** | 22 |
| - Considered doubtful | **-** | 1 |
| | **139** | 23 |
| Provision for doubtful advances | **-** | 1 |
| | **139** | 22 |
| - Other loan and advances | | |
| - Considered good | **33** | 15 |
| - Considered doubtful | **8** | 8 |
| | **41** | 23 |
| - Provision for doubtful advances | **8** | 8 |
| | **33** | 15 |
| - Balance with Government authorities | **221** | 203 |
| - Prepaid expenses | **166** | 143 |
| - Contract Asset | **1,173** | 548 |
| **Total** | **1,732** | 931 |

**Note 8 - Inventories :**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (Valued at lower of cost and net realizable value) | | |
| - Others - Stock of IT equipments and purchased software (consumed in IT projects) | **-** | 12 |
| **Total** | **-** | 12 |

**Note 9 - Trade receivables :**

**(i) Non current Trade receivables :**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade Receivables - Unbilled | - | 40 |
| **Total** | **-** | 40 |

**(ii) Current Trade receivables :**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Trade Receivables - Billed** | | |
| - Considered good – Unsecured | **4,668** | 4,092 |
| Less: Allowance for expected credit loss | **930** | 791 |
| | **3,738** | 3,301 |
| - Credit impaired – Unsecured | **196** | 112 |
| Less: Allowance for credit impairment | **196** | 112 |
| | **-** | - |
| **Trade Receivables - Billed (A)** | **3,738** | 3,301 |
| **Trade Receivables - Unbilled (B)** | **1,371** | 1,057 |
| **Total (A+B)** | **5,109** | 4,358 |

**Trade Receivables ageing schedule as at March 31, 2023**

₹ in million

| Particulars | Outstanding for following periods from due date of payments | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Not Due** | **Less than 6 months** | **6 months - 1 year** | **1-2 yrs** | **2-3 yrs** | **More than 3 years** | **Total** |
| **Trade Receivables - Billed** | | | | | | | |
| Undisputed trade receivables- considered good | 916 | 1,985 | 634 | 495 | 236 | 402 | 4,668 |
| Undisputed trade receivables- considered doubtful | - | - | - | - | - | - | - |
| Undisputed trade receivables- credit impaired | - | - | - | 25 | - | 171 | 196 |
| Disputed trade receivables- considered good | - | - | - | - | - | - | - |
| Disputed trade receivables- considered doubtful | - | - | - | - | - | - | - |
| Disputed trade receivables- credit impaired | - | - | - | - | - | - | - |
| Disputed dues- Unbilled | - | - | - | - | - | - | - |

₹ in million

| Particulars | Outstanding for following periods from due date of payments | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months - 1 year | 1-2 yrs | 2-3 yrs | More than 3 years | Total |
| Undisputed dues- Unbilled | - | - | - | - | - | - | - |
| Intercompany- Unbilled | - | - | - | - | - | - | - |
| Intercompany Trade Receivables | - | - | - | - | - | - | - |
| | 916 | 1,985 | 634 | 520 | 236 | 573 | 4,864 |
| Less: Allowance for doubtful trade receivables | | | | | | | 1,126 |
| | | | | | | | 3,738 |
| **Trade receivable - Unbilled (Non current and current)** | | | | | | | 1,371 |
| **Total Trade Receivables** | | | | | | | 5,109 |

**Trade Receivables ageing schedule as at March 31, 2022**

₹ in million

| Particulars | Outstanding for following periods from due date of payments | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months - 1 year | 1-2 yrs | 2-3 yrs | More than 3 years | Total |
| **Trade Receivables - Billed** | | | | | | | |
| Undisputed trade receivables- considered good | 606 | 1,671 | 529 | 650 | 358 | 278 | 4,092 |
| Undisputed trade receivables- considered doubtful | - | - | - | - | - | - | - |
| Undisputed trade receivables- credit impaired | - | - | - | 0 | - | 112 | 196 |
| Disputed trade receivables- considered good | - | - | - | - | - | - | - |
| Disputed trade receivables- considered doubtful | - | - | - | - | - | - | - |
| Disputed trade receivables- credit impaired | - | - | - | - | - | - | - |
| Disputed dues- Unbilled | - | - | - | - | - | - | - |
| Undisputed dues- Unbilled | - | - | - | - | - | - | - |
| Intercompany- Unbilled | - | - | - | - | - | - | - |
| Intercompany Trade Receivables | - | - | - | - | - | - | - |
| | 606 | 1,671 | 529 | 650 | 358 | 391 | 4,204 |
| Less: Allowance for doubtful trade receivables | | | | | | | 903 |
| | | | | | | | 3,301 |
| **Trade receivable - Unbilled (Non current and current)** | | | | | | | 1,097 |
| **Total Trade Receivables** | | | | | | | 4,398 |

**Note 10 - Cash and cash equivalents :**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Cash on hand | **-** | - |
| Remittances in transit | **277** | 215 |
| Balances with banks: | | |
| - In current accounts | **484** | 242 |
| - In deposit accounts | **359** | 217 |
| **Total** | **1,120** | 674 |

**Note 11 - Other balances with bank :**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Earmarked balances with bank | | |
| - Balance held under margin money account | **8** | 7 |
| **Total** | **8** | 7 |

**Note 12 - Other financial assets :**

**(i) - Other Financial assets : Non Current**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Security deposits | | |
| - Considered good | **55** | 50 |
| - Considered doubtful | **-** | - |
| | **55** | 50 |
| - Provision for doubtful advances | **-** | - |
| | **55** | 50 |
| **Total** | **55** | 50 |

**(ii) - Other Financial assets : Current**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Dues from subsidiary companies | | |
| - Considered good | **229** | 159 |
| - Considered doubtful | **96** | 89 |
| | **325** | 248 |
| - Provision for doubtful advances | **96** | 89 |
| | **229** | 159 |
| Derivative financial assets | **-** | 7 |
| Interest accrued | **10** | 12 |
| **Security deposits** | | |
| - Considered good | **2** | 2 |
| - Considered doubtful | **4** | 4 |
| | **6** | 6 |
| - Provision for doubtful advances | **4** | 4 |
| | **2** | 2 |
| **Total** | **241** | 180 |

**Note 13 - Share capital :**

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **Number** | **₹ in million** | Number | ₹ in million |
| **(a) Authorized :** | | | | |
| Equity shares of ₹ 10 each | **25,500,000** | **255** | 25,500,000 | 255 |
| Series A 0.001% fully convertible non-cumulative preference shares of ₹ 10 each | **8,000,000** | **80** | 8,000,000 | 80 |
| **(b) Issued, subscribed and fully paid up :** | | | | |
| Equity shares of ₹ 10 each fully paid up | **24,343,226** | **243** | 21,869,000 | 219 |
| **Total** | **24,343,226** | **243** | 21,869,000 | 219 |

**(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:**

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **Number** | **₹ in million** | Number | ₹ in million |
| **Equity Shares** | | | | |
| Opening Balance | **21,869,000** | **219** | 21,869,000 | 219 |
| Add: Shares issued during the year | **2,474,226** | **24** | - | - |
| **Closing Balance** | **24,343,226** | **243** | 21,869,000 | 219 |

**(ii) Terms, rights and restrictions attached to:**

**Equity Shares:**

The Company has equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the equity shares held by the shareholders.

**Series A 0.001% fully convertible non-cumulative preference shares:**

The Company has class of fully convertible non-cumulative redeemable preference shares having a par value of ₹ 10 per share.

**(iii) Details of shares held by the holding Company**

| **Particulars** | **Number of Shares** | |
|---|---|---|
| | **As at March 31, 2023** | As at March 31, 2022 |
| Tech Mahindra Limited | **24,341,139*** | 21,866,913* |

* It includes 7 shares which are held by seven Individual nominee shareholders of Tech Mahindra Limited.

**(iv) Details of equity shares held by shareholder holding more than 5%:**

| **Name of shareholder** | **As at March 31, 2023** | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **No of Shares** | **% of Holding#** | No of Shares | % of Holding# |
| Tech Mahindra Limited* | **24,341,139** | **99.99%** | 21,866,913 | 99.99% |

# This percentage of holding is presented with reference to Issued, Subscribed and Paid up.

*It is the sole promoter of the Company.

**Note 14 - Other Equity :**

₹ in million

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| **Securities premium account** | | | | |
| Opening balance | **566** | | 566 | |
| Add: Addition on account of issue of shares | **2,376** | | - | |
| Closing balance | | **2,942** | | 566 |
| **Capital Reserves** | | **53** | | 53 |
| | | | | |
| **Hedging reserve (refer note 29)** | | | | |
| Opening balance | **5** | | 7 | |
| (Less): Other Comprehensive loss | **(4)** | | (2) | |
| Closing balance | | **1** | | 5 |
| **Surplus in the statement of profit and loss** | | | | |
| Opening balance | **7,599** | | 7,627 | |
| Add : Profit for the year | **516** | | 439 | |
| Add: Other Comprehensive loss | **(14)** | | (30) | |
| (Less): Dividend * | **-** | | (437) | |
| Closing balance | | **8,101** | | 7,599 |
| Total | | **11,097** | | 8,223 |

* Interim dividend of ₹ 20 per equity share was paid during the year ended 31st March 2022

**Note 15 - Provisions :**

**(i) Non-current provisions**

₹ in million

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Provision for employee benefits | | |
| -Gratuity | **215** | 178 |
| -Compensated absences | **54** | 42 |
| -Other employee benefit obligation | **72** | 27 |
| Total | **341** | 247 |

**(ii) Current provisions**

₹ in million

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Provision for employee benefits | | |
| - Gratuity | **45** | 37 |
| - Compensated absences | **30** | 24 |
| - Other employee benefit obligation | **39** | 16 |
| | **114** | 77 |
| Provision for warranties | **8** | 8 |
| Total | **122** | 85 |

**Note 16 - Other liabilities :**

**(i) Non-current liabilities**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Unearned revenue | **3** | 0 |
| Total | **3** | 0 |

**(ii) Current liabilities**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Unearned revenue | **19** | 19 |
| Statutory remittances | **135** | 112 |
| Advance from customers | **142** | 105 |
| Total | **296** | 236 |

**Note 17 - Trade payables :**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Creditors for supplies / services | **1,601** | 1,084 |
| Creditors for supplies / services under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) | **55** | 20 |
| Total | **1,656** | 1,104 |

* Refer note 36 for Disclosures under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

**Trade Payables ageing schedule as on March 31, 2023**

₹ in million

| Particulars | Outstanding for following periods from due date of payments | | | | | |
|---|---|---|---|---|---|---|
| | Not Due | Less than 1 year | 1-2 yrs. | 2-3 yrs. | More than 3 years | Total |
| Undisputed MSME | 13 | 40 | 2 | 0 | 0 | 55 |
| Undisputed Others | 3 | 354 | 1 | 1 | 5 | 364 |
| Disputed dues- MSME | - | - | - | - | - | - |
| Disputed dues- Others | - | - | - | - | - | - |
| Disputed dues- Unbilled | - | - | - | - | - | - |
| Undisputed dues- Unbilled | - | - | - | - | - | - |
| Intercompany- Unbilled | - | - | - | - | - | - |
| Intercompany Trade Payables | - | - | - | - | - | - |
| | 16 | 394 | 3 | 1 | 5 | 419 |
| Add: Accrued expenses | | | | | | 1,237 |
| **Total Trade payables** | | | | | | 1,656 |

**Trade Payables ageing schedule as on March 31, 2022**

₹ in million

| Particulars | Outstanding for following periods from due date of payments | | | | | |
|---|---|---|---|---|---|---|
| | Not Due | Less than 1 year | 1-2 yrs. | 2-3 yrs. | More than 3 years | Total |
| Undisputed MSME | 4 | 16 | - | - | - | 20 |
| Undisputed Others | 81 | 59 | - | 3 | 1 | 144 |
| Disputed dues- MSME | - | - | - | - | - | - |
| Disputed dues- Others | - | - | - | - | - | - |
| Disputed dues- Unbilled | - | - | - | - | - | - |
| Undisputed dues- Unbilled | - | - | - | - | - | - |
| Intercompany- Unbilled | - | - | - | - | - | - |
| Intercompany Trade Payables | - | - | - | - | - | - |
| | 85 | 75 | - | 3 | 1 | 164 |
| Add: Accrued expenses | | | | | | 940 |
| **Total Trade payables** | | | | | | 1,104 |

**Note 18 - Other Financial liabilities:**

**(i) Other Financial liabilities : Current**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Accrued salary and benefits | **284** | 307 |
| Payables on purchase of Property, plant and equipment | **4** | 57 |
| Contractual obligation | **11** | 10 |
| Due to subsidiary | **14** | 14 |
| Derivative financial liabilities | **11** | - |
| Total | **324** | 388 |

**Note 19 - Revenue from continuing operations :**

₹ in million

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Licence Fee with Implementation and other services | **6,236** | 4,266 |
| Revenue sharing arrangements | **537** | 466 |
| Annual maintenance contract services | **1,557** | 1,500 |
| | **8,330** | 6,233 |
| Income from sale of equipments and software (third party) | **444** | 251 |
| Total | **8,774** | 6,484 |

**Note 20 - Other income :**

₹ in million

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Interest income | **21** | 13 |
| Profit on sale of current investments | **10** | 47 |
| Dividend received from subsidiaries | **-** | 65 |
| Dividend received on mutual fund investments | **9** | - |
| Gain due to fair valuation changes on financial assets (net) | **-** | (4) |
| Profit on sale of subsidiary | **-** | 2 |
| Profit on sale of property, plant and equipment (net) | **3** | 1 |
| Foreign Exchange gain (net) | **133** | 80 |
| Sundry Balances written back | **-** | 37 |
| Income from sub-lease | **16** | 12 |
| Reimbursement of expenses | **31** | 54 |
| Miscellaneous Income | **-** | 8 |
| **Total** | **223** | 315 |

**Note 21 - Employee benefits expense :**

₹ in million

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Salaries, wages and bonus | **3,066** | 2,462 |
| Contribution to provident and other funds | **164** | 128 |
| Gratuity expenses | **37** | 41 |
| Staff welfare expenses | **72** | 43 |
| **Total** | **3,339** | 2,674 |

**Note 22 - Finance costs :**

₹ in million

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Interest expense on lease liability | **14** | 18 |
| **Total** | **14** | 18 |

**Note 23 - Other expenses :**

₹ in million

| Particulars | | For the year ended March 31, 2023 | | For the year ended March 31, 2022 |
|---|---|---|---|---|
| Cost of hardware equipments,softwares and other items | | **998** | | 627 |
| Royalty and software charges | | **23** | | 19 |
| Travelling and conveyance | | **247** | | 50 |
| Freight and forwarding charges | | **13** | | 8 |
| Recruitment Expenses | | **72** | | 20 |
| Power and fuel | | **25** | | 23 |
| Rent | | **11** | | 16 |
| Rates and taxes | | **4** | | 59 |
| Insurance | | **55** | | 49 |
| Repairs and maintenance | | **338** | | 224 |
| Advertising and sales promotion | | **87** | | 78 |
| Communication costs | | **19** | | 22 |
| Corporate Social Responsibility | | **36** | | 34 |
| Legal and professional fees | | **99** | | 108 |
| Conference expenses | | **37** | | 9 |
| General office expenses | | **23** | | 11 |
| Provision for doubtful debts (net) | | | | |
| - Bad debts | **149** | | 281 | |
| - Provision for debts | **154** | | 33 | |
| | | **303** | | 314 |
| Miscellaneous expenses | | **19** | | 13 |
| Total | | **2,409** | | 1,684 |

**25. Details of employee benefits as required by the IND AS-19 – Employee Benefits are as under:**

**a) Defined Contribution Plan**

The Company makes contributions to Provident Fund which is defined contribution plan for qualifying employees. Under this Scheme, the Company contributes a specified percentage of the payroll costs to the fund. Amounts recognised as an expense in the Statement of Profit and Loss is ₹164 million (year ended March 31, 2022 : ₹ 128 million) for provident fund contributions.

**b) Defined Benefit Plan - Gratuity**

In accordance with the Payment of Gratuity Act, 1972, applicable for Indian companies, the Company operates a scheme of gratuity which is a defined benefit plan. The gratuity plan is partially funded.

**I] Changes in Defined Benefit Obligation ('DBO') and Trust Fund plan assets recognized in the Balance Sheet are as under:**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Defined Benefit Obligation as at the beginning of the year | **217** | 177 |
| Current Service Cost | **25** | 32 |
| Interest cost | **12** | 9 |
| Benefits Paid | **(31)** | (41) |
| Acquisition (gain)/loss | **20** | - |
| Actuarial (gain)/loss - experience | **22** | 35 |
| Actuarial (gain)/loss - demographic assumptions | **-** | - |
| Actuarial (gain)/loss - financial assumptions | **(3)** | 5 |
| **Defined Benefit Obligation as at the end of the year** | **262** | 217 |

**II] Change in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows :**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Fair value of plan assets at the beginning of the year | **2** | 2 |
| Interest income on plan assets | **0** | 0 |
| Contributions by employer | **-** | - |
| Benefits Paid | **-** | - |
| Remeasurement- Return on plan assets excluding amount included in interest income | **0** | 0 |
| **Fair value of plan assets at end of the year** | **2** | 2 |

**Net defined benefit Asset/(Liability)**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Defined benefit obligation** | **262** | 217 |
| Fair value of plan assets | **(2)** | (2) |
| **Net defined benefit obligation disclosed as:** | **260** | 215 |
| - Current provisions | **45** | 37 |
| - Non current provisions | **215** | 178 |

As at March 31, 2023 and March 31, 2022 plan assets were primarily invested in insurer managed funds

**IV] Components of employer expenses recognised in the Statement of Profit and Loss:**

₹ in million

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Current Service Cost | **25** | 32 |
| Interest cost on Defined Benefit Obligation | **12** | 9 |
| Expected return on plan assets | **(0)** | (0) |
| **Total expense recognised in the Statement of Profit & Loss (Refer note 21)** | **37** | 41 |

**V] Actuarial (Gain)/Loss recognized in Other Comprehensive Income**

₹ in million

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Actuarial (gain)/loss due to defined benefit obligation experience | **(22)** | (35) |
| Actuarial (gain)/loss - demographic assumptions | **-** | - |
| Actuarial (gain)/loss due to defined benefit obligation assumption changes | **3** | (5) |
| Remeasurement- Return on plan assets excluding amount included in interest income | **0** | 0 |
| **Net (gain)/loss recognised in Other Comprehensive Income** | **(19)** | (40) |

**VI] Assumptions**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Discount Rate | **7.10%** | 6.30% |
| Salary Escalation Rate | **7.50%** | 7.00% |
| Mortality Rate | **Indian Assured Lives Mortality (2006-08) Ult.** | Indian Assured Lives Mortality (2006-08) Ult. |
| Employee Separation Rate | **17.00%** | 17.00% |

a) Discount rate : It is based upon the market yields available on Government Bonds at the accounting date with a term that matches that of the liabilities.

b) Salary Escalation Rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

c) Employee separation Rate: The assumption of Employee separation rate represents the Company's expected experience of employee turnover.

**VII] Sensitivity analysis**

A quantitative sensitivity analysis for significant assumption as at March 31, 2023 and March 31, 2022 is as shown below:

| | | ₹ in million |
|---|---|---|
| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
| **A: Discount rate** | | |
| 1. Effect on DBO due to 0.5% increase in discount rate | **(6)** | (5) |
| 2. Effect on DBO due to 0.5% decrease in discount rate | **6** | 5 |
| **B: Salary Escalation Rate** | | |
| 1. Effect on DBO due to 0.5% increase in Salary escalation rate | **6** | 4 |
| 2. Effect on DBO due to 0.5% decrease in Salary escalation rate | **(6)** | (4) |
| **C: Withdrawal Rate** | | |
| 1. Effect on DBO due to 5% increase in withdrawal rate | **(5)** | (3) |
| 2. Effect on DBO due to 5% decrease in withdrawal rate | **6** | 3 |

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Method used for sensitivity analysis: The sensitivity results above determine their individual impact on the Plan's end of year Defined Benefit Obligation. In reality, the Plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar or opposite directions, while the Plan's sensitivity to such changes can vary over time.

**VIII] Disclosure related to indication of effect of the defined benefit plan on the entity's future cash flows: (₹ in million)**

| | | ₹ in million |
|---|---|---|
| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
| 1 year | **49** | 40 |
| 1-2 years | **44** | 32 |
| 2-3 years | **42** | 34 |
| 3-4 years | **45** | 33 |
| 4-5 years | **61** | 35 |
| 5 years and beyond | **256** | 165 |

**XIII] Plan asset information:**

| | | ₹ in million |
|---|---|---|
| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
| Schemes of insurance - conventional products | **100%** | 100% |

**XIV] Description of Plan characteristics and associated risks:**

The Gratuity scheme is a final salary Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The Plan design means the risks commonly affecting the liabilities and the financial results are expected to be:

1. Interest rate risk

2. Salary Inflation risk

3. Demographic risk

**XV] Description of Funding arrangements and policies:**

The gratuity scheme of the Company is funded by way of a separate irrevocable Trust and the Company is expected to make regular contributions to the Trust. The fund is managed by an insurance Company and the assets are invested in their conventional group gratuity product.

**26. Disclosure as per IND AS 116-Leases**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Minimum Lease Payments | | |
| - Not later than one year | **105** | 79 |
| - Later than one year and not later than five years | **48** | 143 |
| - Later than five years | **-** | - |

**Amounts recognised in statements of cash flows:**

₹ in million

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Cash outflow for leases | **79** | 85 |
| Total | **79** | 85 |

**27. Related Party Disclosure**

**a) Name of the related party and nature of relationship:-**

| **Name of the Related Party** | **Extent of holding / Relationship** |
|---|---|
| Mahindra and Mahindra Limited | Entity having significant influence |
| Tech Mahindra Limited | Holding Company |
| **Where control exists:** | |
| Comviva Technologies Nigeria Limited | 100 % Subsidiary |
| Comviva Technologies FZ-LLC | 100 % Subsidiary |
| Comviva Technologies USA INC. | 100 % Subsidiary |
| Comviva Technologies Myanmar Limited | 100 % Subsidiary |
| Comviva Technologies Cote D'Ivoire * | 100 % Subsidiary |
| Comviva Technologies Madagascar Sarlu. | 100 % Subsidiary |
| YABX Technologies (Netherlands) BV | 100 % Subsidiary |
| YABX India Private Limited | 100 % Subsidiary |
| Comviva Technologies B.V. and its subsidiaries | 100 % Subsidiary |
| Comviva Technologies (Argentina) S.A. | 99.96% subsidiary of Comviva Technologies B.V. |
| Comviva Technologies Do Brasil Indústria, Comércio, Importação E Exportação LTDA | 99.96% subsidiary of Comviva Technologies B.V. |
| Comviva Technologies Colombia S.A.S. | 100% subsidiary of Comviva Technologies B.V. |
| Comviva Technologies (Australia) Pty. Ltd | 100% subsidiary of Comviva Technologies B.V. |
| Emagine International Pty. Ltd.** | 100% subsidiary of Comviva Technologies (Australia) Pty. Ltd |
| Comviva Technologies Mexico, S. de R.L. de C.V.## | 99.96% subsidiary of Comviva Technologies B.V. |
| Comviva Technologies Americas Inc.### | 100% Subsidiary |
| Comviva International Netherlands B.V. (Formerly known as DynaCommerce Holding B.V.)#### | 100% Subsidiary of Comviva Technologies B.V. |

| **Name of the Related Party** | **Extent of holding / Relationship** |
|---|---|
| **Other related parties with whom transactions during the year/previous year:** | |
| PT Tech Mahindra Indonesia | Fellow subsidiary |
| Tech Mahindra Foundation | Fellow subsidiary |
| Mahindra Educational Institutions | Fellow subsidiary |
| Tech Mahindra Healthcare LLC | Fellow subsidiary |
| Tech Mahindra Nigeria Limited | Fellow subsidiary |
| Tech Mahindra Guatemala, S.A. | Fellow subsidiary |
| The CJS Solutions Group, LLC (The HCI Group) | Fellow subsidiary |
| Born Commerce Private Limited | Fellow subsidiary |
| **Key Management Personnel:** | |
| Manoranjan Mohapatra | Whole time director & CEO |
| Neeraj Jain | Chief Financial Officer |
| Parminder Singh Bakshi | Company Secretary |

* Incorporated on 18 February 2020, yet to commence operations

** The Company has been deregistrated with effect from 01 June 2022.

## Dissolved and liquidated with effect from March 03, 2021. However, the process of cancellation of registration before Mexican tax authorities is pending as on date of this Report.

### Incorporated on 4 November 2021.

#### During the year one of the subsidiary namely, Comviva Technologies Netherlands BV has acquired 100 % shares of Comviva International Netherlands BV (formerly known as DynaCommerce Holding BV),

## 27. Related Party Disclosure

**b)**

₹ in million

| Particulars | Transactions For the year ended March 31, 2023 Revenue / (Expense) | | | | | | | | | Balance as at March 31, 2023 Assets / (Liabilities) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Sales | Interest Income | Dividend received/ (paid) | Cost of Goods/ Service (received)/ provided | Reimbursement of (Expenses)/ income | Donation Given | Investment made in subsidiaries | Loan given to subsidiaries | Managerial Remuneration | Trade Receivable | Unbilled Revenue | Contract Asset | Other Current Assets | Trade Payables# | Loans & other financial assets / liabilities | Contractual obligation | Investment | Interest Accrued | Deferred Revenue | Advance from Customers | Accrued benefit payable |
| **Subsidiary Companies** | | | | | | | | | | | | | | | | | | | | | |
| Comviva Technologies Nigeria Limited | - | - | - | - | - | - | - | - | - | 143 | - | - | - | - | 0 | - | | - | - | - | - |
| Comviva Technologies FZ-LLC | 214 | - | - | (199) | - | - | - | - | - | 282 | 6 | 28 | 33 | (0) | 27 | - | | - | 10 | 3 | - |
| Comviva Technologies B.V. | 697 | - | - | 8 | - | - | 620 | - | - | 480 | 159 | 62 | 6 | - | (14) | (11) | | - | - | 0 | - |
| Comviva Technologies (Argentina) S.A. | 13 | - | - | | - | - | - | - | - | 17 | 6 | - | - | - | - | - | | - | - | - | - |
| Comviva Technologies Madagascar Sarlu | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | - | - | - | - |
| Comviva Technologies Myanmar Limited | - | - | - | - | 31 | - | - | - | - | - | - | - | - | - | 195 | - | | - | - | - | - |
| YABX India Private Limited | - | 6 | - | - | 2 | - | - | 148 | - | 4 | - | - | - | - | 163 | - | | 6 | - | - | - |
| YABX Technologies (Netherlands) BV | - | - | - | - | - | - | 83 | - | - | - | - | - | - | (10) | 7 | - | | - | - | - | - |
| Comviva Technologies USA inc | - | - | - | - | - | - | - | - | - | - | - | - | - | (0) | - | - | | - | - | - | - |
| Comviva Technologies do Brasil | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | - | - | - | - |
| Comviva Technologies Colombia S.A.S. | 9 | - | - | - | - | - | - | - | - | - | 16 | - | - | - | - | - | | - | - | - | - |
| Comviva Technologies Australia | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | | - | - | - | - |

₹ in million

| Particulars | Transactions For the year ended March 31, 2023 Revenue / (Expense) | | | | | | | | | Balance as at March 31, 2023 Assets / (Liabilities) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Sales | Interest Income | Dividend received/ (paid) | Cost of Goods/ Service (received)/ provided | Reimbursement of (Expenses)/ income | Donation Given | Investment made in subsidiaries | Loan given to subsidiaries | Managerial Remuneration | Trade Receivable | Unbilled Revenue | Contract Asset | Other Current Assets | Trade Payables# | Loans & other financial assets / liabilities | Contractual obligation | Investment | Interest Accrued | Deferred Revenue | Advance from Customers | Accrued benefit payable |
| Comviva Technologies Americas Inc. | - | - | - | - | - | - | 1,794 | - | - | - | - | - | - | - | - | - | | - | - | - | - |
| Comviva Technologies Florida | - | - | - | (0) | - | - | - | - | - | - | - | - | - | - | - | - | | - | - | - | - |
| **Holding Company** | - | - | - | - | - | - | - | - | | | | | - | | | | | | | | |
| Tech Mahindra Limited | 817 | - | - | - | (23) | | - | - | - | 80 | 95 | 24 | 3 | (93) | | | | | 4 | 3 | - |
| | - | - | - | - | - | - | | | | | - | - | - | - | - | - | - | - | - | | |
| Fellow Subsidiaries | | | | | | | | | | | | | | | | | | | | | |
| PT Tech Mahindra Indonesia | 36 | - | - | - | - | - | - | - | - | 11 | 5 | | | | | | | | | 247 | - |
| Tech Mahindra Foundation | . | - | - | - | - | - | - | - | - | | | | | | | | | | | | - |
| Mahindra Educational Institutions | - | - | - | - | - | (19) | - | - | - | | | | | | | | | | | | - |
| Tech Mahindra Nigeria Limited | (0) | - | - | - | - | - | - | - | - | | | | | | | | | | | | - |
| Tech Mahindra Arabia Ltd. | 266 | - | - | - | - | - | | | | | | 84 | | | | | | | | | |
| Tech Mahindra Ltd - Belgium | (0) | - | - | - | - | - | | | | | | | | | | | | | | | |
| Born Commerce Private Limited | 4 | - | - | - | - | - | - | - | - | | | | | | | | | | | | - |

| Particulars | Transactions For the year ended March 31, 2023 Revenue / (Expense) | | | | | | | | | Balance as at March 31, 2023 Assets / (Liabilities) (₹ in million) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Sales | Interest Income | Dividend received/ (paid) | Cost of Goods/ Service (received)/ provided | Reimbursement of (Expenses)/ income | Donation Given | Investment made in subsidiaries | Loan given to subsidiaries | Managerial Remuneration | Trade Receivable | Unbilled Revenue | Contract Asset | Other Current Assets | Trade Payables# | Loans & other financial assets / liabilities | Contractual obligation | Investment | Interest Accrued | Deferred Revenue | Advance from Customers | Accrued benefit payable |
| The CJS Solutions Group, LLC (The HCI Group) | - | - | - | - | - | - | - | - | - | - | - | - | | - | | | | | | | - |
| **Key Management Personnel*** | | | | | | | | | | | | | | | | | | | | | |
| Manoranjan Mohapatra | - | - | - | - | - | - | - | - | (33) | - | - | - | - | - | - | - | - | - | - | - | (10) |
| Neeraj Jain | - | - | - | - | - | - | - | - | (11) | - | - | - | - | - | - | - | - | - | - | - | (2) |
| Parminder Singh Bakshi | - | - | - | - | - | - | - | - | (2) | - | - | - | - | - | - | - | - | - | - | - | (0) |

Note:

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

| Particulars | Transactions For the year ended March 31, 2022 Revenue / (Expense) | | | | | | | | | Balance as at March 31, 2022 Assets / (Liabilities) (₹ in million) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Sales | Interest Income | Dividend received/ (paid) | Cost of Goods/ Service (received)/ provided | Reimbursement of (Expenses)/ income | Donation Given | Investment made in subsidiaries | Loan given to subsidiaries | Managerial Remuneration | Trade Receivable | Unbilled Revenue | Contract Asset | Other Current Assets | Trade Payables# | Loans & other financial assets / liabilities | Contractual obligation | Investment | Interest Accrued | Deferred Revenue | Advance from Customers | Accrued benefit payable |
| **Subsidiary Companies** | | | | | | | | | | | | | | | | | | | | | |
| Comviva Technologies Nigeria Limited | 90 | - | - | - | - | - | - | - | - | 131 | - | - | - | - | 89 | - | - | - | - | - | - |
| Comviva Technologies FZ-LLC | 22 | - | 49 | (111) | - | - | - | - | - | 151 | 18 | 27 | - | (35) | (0) | - | 1 | - | (0) | (1) | - |
| Comviva Technologies B.V. | 362 | - | - | (210) | - | - | 1,383 | - | - | 114 | 206 | 20 | - | (155) | (12) | (10) | 293 | - | (0) | (0) | - |
| Comviva Technologies (Argentina) S.A. | 8 | - | - | (28) | - | - | - | - | - | 8 | - | - | - | - | - | - | 14 | - | - | - | - |

₹ in million

| Particulars | Transactions For the year ended March 31, 2022 Revenue / (Expense) | | | | | | | | | Balance as at March 31, 2022 Assets / (Liabilities) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Sales | Interest Income | Dividend received/ (paid) | Cost of Goods/ Service (received)/ provided | Reimbursement of (Expenses)/ income | Donation Given | Investment made in subsidiaries | Loan given to subsidiaries | Managerial Remuneration | Trade Receivable | Unbilled Revenue | Contract Asset | Other Current Assets | Trade Payables# | Loans & other financial assets / liabilities | Contractual obligation | Investment | Interest Accrued | Deferred Revenue | Advance from Customers | Accrued benefit payable |
| Comviva Technologies Madagascar Sarlu | - | - | 16 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1 | - | - | - | - |
| Comviva Technologies Myanmar Limited | - | - | - | - | 54 | - | - | - | - | - | - | - | - | - | 152 | - | 15 | - | - | - | - |
| YABX India Private Limited | - | 0 | - | - | 2 | - | - | 38 | - | - | 2 | - | - | - | 13 | - | 20 | 0 | - | - | - |
| YABX Technologies (Netherlands) BV | - | - | - | (9) | - | - | 50 | - | - | - | - | - | - | (9) | 7 | - | - | - | - | - | - |
| Comviva Technologies Colombia S.A.S. | 32 | - | - | (83) | - | - | - | - | - | 8 | - | 9 | - | (59) | - | - | - | - | - | (0) | - |
| **Holding Company** | | | | | | | | | | | | | | | | | | | | | |
| ¶Tech Mahindra Limited | 125 | - | (437) | - | (23) | - | - | - | - | 104 | 11 | 15 | 3 | (50) | - | - | - | - | (9) | (3) | - |
| **Fellow Subsidiaries** | | | | | | | | | | | | | | | | | | | | | |
| PT Tech Mahindra Indonesia | 54 | - | - | - | - | - | - | - | - | 11 | 2 | - | - | - | - | - | - | - | (3) | (2) | - |
| Tech Mahindra Foundation | - | - | - | - | - | (17) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Tech Mahindra Nigeria Limited | - | - | - | - | - | - | - | - | - | - | 0 | - | - | - | - | - | - | - | - | - | - |
| Tech Mahindra Guatemala, S.A. | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| The CJS Solutions Group, LLC (The HCI Group) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Mahindra Educational Institutions | - | - | - | - | - | (5) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Key Management Personnel*** | | | | | | | | | | | | | | | | | | | | | |
| Manoranjan Mohapatra | - | - | - | - | - | - | - | - | (36) | - | - | - | - | - | - | - | - | - | - | - | (25) |

₹ in million

| Particulars | Transactions For the year ended March 31, 2022 Revenue / (Expense) | | | | | | | | | Balance as at March 31, 2022 Assets / (Liabilities) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Sales | Interest Income | Dividend received/ (paid) | Cost of Goods/ Service (received)/ provided | Reimbursement of (Expenses)/ income | Donation Given | Investment made in subsidiaries | Loan given to subsidiaries | Managerial Remuneration | Trade Receivable | Unbilled Revenue | Contract Asset | Other Current Assets | Trade Payables# | Loans & other financial assets / liabilities | Contractual obligation | Investment | Interest Accrued | Deferred Revenue | Advance from Customers | Accrued benefit payable |
| Neeraj Jain | - | - | - | - | - | - | - | - | (11) | - | - | - | - | - | - | - | - | - | - | - | (3) |
| Parminder Singh Bakshi | - | - | - | - | - | - | - | - | (2) | - | - | - | - | - | - | - | - | - | - | - | (0) |

*The breakup of compensation of Key management personnel is as follows:

₹ in million

| Key Management Personnel | Short-term employee benefits | Post-employment benefits*** | Other long-term benefits*** | Termination benefits | Termination benefits | Total |
|---|---|---|---|---|---|---|
| Manoranjan Mohapatra | 33 | - | - | - | - | 33 |
| | [36] | [-] | [-] | [-] | [-] | [36] |
| Neeraj Jain | 11 | - | - | - | - | 11 |
| | [11] | [-] | [-] | [-] | [-] | [11] |
| Parminder Singh Bakshi | 2 | - | - | - | - | 2 |
| | [2] | - | - | - | - | [2] |

*** Employment benefits comprising gratuity, and compensated absences are not disclosed as these are determined for the Company as a whole.

Figures in brackets ‘’[ ]’’ are for the year ended March 31, 2022

# Trade payables includes creditors for capital goods.

## Refer note 4 (i) for closing balance of investments

**28 Contingent Liabilities and Commitments:**

**(i) Contingent Liabilities:**

₹ in million

| Sr. No. | Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| 1 | Income tax matters (refer note I) | **1,988** | 1,592 |
| 2 | Indirect tax matters (refer note II) | **555** | 408 |
| 3 | Other claims against the Company not acknowledged as debts (refer note III) | **49** | 48 |

Note:

**I Income Tax Matter:**

The Company has ongoing disputes with income tax authorities relating to tax treatment of certain items. The disputes relate to tax treatment of certain expenses claimed as deductions, computation and eligibility of tax incentives or allowances. The Company has contingent liability in respect of demands from direct tax authorities in India and other jurisdictions, which are being contested by the Company on appeal amounting ₹ 1,988 million and ₹ 1,592 million as at March 31, 2023 and March 31, 2022 respectively. The Company periodically receives notices and inquiries from income tax authorities related to the Company's operations in the jurisdictions it operates in. The Company has evaluated these notices and inquiries and has concluded that any consequent income tax claims or demands by the income tax authorities will not succeed on ultimate resolution. The number of years that are subject to tax assessments varies depending on tax jurisdiction. The major tax jurisdictions of Comviva Technologies Limited include India and African countries. In India, tax filings from fiscal 2017 are generally subject to examination by the tax authorities. In African counties, the statute of limitation vary by state.

**II Indirect Tax Matter:**

The Company has ongoing disputes with tax authorities mainly relating to availment of input tax credit and indirect tax matters. The Company has demands amounting to ₹ 555 million and ₹ 408 million as at March 31, 2023 and March 31, 2022, respectively from various indirect tax authorities which are being contested by the Company based on the management evaluation and on the advice of tax consultants.

**III Other Claims:**

Other claims aggregating ₹ 49 million and ₹ 48 million as at March 31, 2023 and March 31, 2022, respectively, against the Company have not been acknowledged as debt. The amounts assessed as contingent liability do not include interest that could be claimed by counter parties.

**(ii) Commitments :**

₹ in million

| Sr. No. | Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| 1 | Estimated amount of contracts remaining to be executed on capital account and not provided for | **126** | 151 |

**29. Financial Instruments**

The Company's Board of Directors have an overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

**I] Financial instruments by category**

The carrying value and fair value of financial instruments by categories as at March 31, 2023 were as follows:

₹ in million

| Particulars | Amortised cost* | Financial assets/ liabilities at fair value through profit or loss | Derivative instruments in hedging relationship | Total carrying value | Total fair value* |
|---|---|---|---|---|---|
| Assets: | | | | | |
| Investment in bonds-quoted (Refer note 4 (i) (b)) | - | 5 | - | 5 | 5 |
| Investment in mutual fund (Refer note 4 (ii)) | - | - | - | - | - |
| Cash and cash equivalents (refer note 10) | 1,120 | - | - | 1,120 | 1,120 |
| Other balances with banks (refer note 11) | 8 | - | - | 8 | 8 |
| Trade receivables (refer note 9) | 5,109 | - | - | 5,109 | 5,109 |
| Loans (refer note 5) | 163 | - | - | 163 | 163 |
| Other financial assets (refer note 12(i) & 12(ii)) | 296 | - | - | 296 | 296 |
| Total | 6,696 | 5 | - | 6,701 | 6,701 |
| Liabilities: | | | | | |
| Trade payables (refer note 17) | 1,656 | - | - | 1,656 | 1,656 |
| Lease Liability | 153 | - | - | 153 | 153 |
| Other financial liabilities (refer note 18(i)) | 324 | - | 11 | 335 | 335 |
| Total | 2,133 | - | 11 | 2,144 | 2,144 |

*Fair value of amortised assets is same as carrying value

The carrying value and fair value of financial instruments by categories as at March 31, 2022 were as follows:

₹ in million

| Particulars | Amortised cost* | Financial assets/ liabilities at fair value through profit or loss | Derivative instruments in hedging relationship | Total carrying value | Total fair value* |
|---|---|---|---|---|---|
| Assets: | | | | | |
| Investment in bonds-quoted (Refer note 4 (i) (b)) | - | 12 | - | 12 | 12 |
| Investment in mutual fund (Refer note 4 (ii)) | - | 954 | - | 954 | 954 |
| Cash and cash equivalents (refer note 10) | 674 | - | - | 674 | 674 |
| Other balances with banks (refer note 11) | 7 | - | - | 7 | 7 |
| Trade receivables (refer note 9) | 4,398 | - | - | 4,398 | 4,398 |
| Loans (refer note 5) | 15 | - | - | 15 | 15 |
| Other financial assets (refer note 12(i) & 12(ii)) | 222 | 1 | 7 | 230 | 230 |
| Total | 5,317 | 966 | 7 | 6,290 | 6,290 |
| Liabilities: | | | | | |
| Trade payables (refer note 17) | 1,104 | - | - | 1,104 | 1,104 |
| Lease liability | 222 | - | - | 222 | 222 |
| Other financial liabilities (refer note 18(i) & 18(ii)) | 388 | - | - | 388 | 388 |
| Total | 1,714 | - | - | 1,714 | 1,714 |

*The fair value of cash and cash equivalents, other balances with bank, trade receivables, trade payables and certain other financial assets and liabilities approximate their carrying amount largely due to the short term nature of these instruments.

**II] Fair Value Hierarchy**

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosure are required):

The different levels have been defined as follows:

**Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities at net market value.

**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). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2023:

₹ in million

| Particulars | As at March 31, 2023 | Fair value measurement as at end of the reporting period using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Assets** | | | | |
| Investment in bonds-quoted | 5 | 5 | - | - |
| Investments in mutual fund | - | - | - | - |
| Derivative financial instruments - foreign currency forward contracts | - | - | - | - |
| **Liabilities** | | | | |
| Derivative financial instruments - foreign currency forward contracts | 11 | - | 11 | - |

₹ in million

| Particulars | As at March 31, 2022 | Fair value measurement as at end of the reporting period using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Assets** | | | | |
| Investment in bonds-quoted | 12 | 12 | | |
| Investments in mutual fund | 954 | 954 | - | - |
| Derivative financial instruments - foreign currency forward contracts | 7 | - | 7 | - |
| **Liabilities** | | | | |
| Derivative financial instruments - foreign currency forward contracts | - | - | - | - |

**III] Financial Risk Management**

**Financial Risk Factors**

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. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company’s exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

**(i) Market risk**

Market risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company exposure to market risk is primarily on account of foreign currency exchange rate risk.

**(a) Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Euro against the respective functional currency of the Company. The Company, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange currency risk.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10% against the respective functional currency of the Company. Further the exposure as indicated below is mitigated by some of the derivative contracts entered into by the Company as disclosed in note below.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are as follows:

₹ in million

| **Particulars** | **Currency** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|---|
| | EUR | **1,412** | 946 |
| Financial assets | USD | **4,096** | 2,297 |
| | Others | **695** | 875 |
| | EUR | **-** | 49 |
| Financial liabilities | USD | **70** | 526 |
| | Others | **51** | 221 |

**Forex sensitivity analysis:**

A reasonably possible strengthening by 10% of EUR and USD against the Indian Rupee as at March 31, 2023 and March 31, 2022 will affect the statement of profit and loss by the amounts shown below:

₹ in million

| **Currency** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| EUR | **141** | 90 |
| USD | **403** | 177 |

**(b) Foreign Exchange Contracts**

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit risk and liquidity risk which may impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential effects on the financial performance of the Company.

The Company enters into foreign Exchange Forward Contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than the Indian Rupee. The counter party to the Company's foreign currency Forward Contracts is generally a bank. These contracts are entered into to hedge the foreign currency risks of certain forecasted transactions. These contracts are for a period lies between 1 day to 1 year.

The following are the principal amounts of outstanding foreign currency exchange forward entered into by the Company which have been designated as Cash Flow Hedges:

| Currency | Amount outstanding as at March 31, 2023 in foreign currency | Fair value Gain/ (loss) in ₹ |
|---|---|---|
| In USD | 20.00 million<br>(March 31, 2022: 20.50 mn) | 20.50 million<br>(March 31, 2022: 6 mn) |
| In Euro | 10.00 million<br>(March 31, 2022: 1.45 mn) | 1.45 million<br>(March 31, 2022: 2 mn) |

The movement in hedging reserve for derivatives designated as Cash Flow Hedges is as follows:

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (a) Balance at the beginning of the year | **6** | 9 |
| (b) Changes in the fair value of effective portion of derivatives - (loss)/ gain | **-** | (32) |
| (c) Net loss/(gain) reclassified to statement of profit and loss on occurance of hedged forcasted transactions | **(5)** | 30 |
| (d) (Loss)/gain on cash flow hedging derivatives, net (b+c) | **(5)** | (3) |
| (e) Balance at the end of the year | **2** | 6 |
| (f) Tax impact on effective portion of outstanding derivatives | **(0)** | (1) |
| (g) Balance at the end of the year, net of deferred tax (e+f) | **1** | 5 |

**(ii) Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled revenue, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, quoted bonds issued by government and quasi government organizations with high credit ratings.

**Credit Risk Exposure**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 6207 million and ₹ 4,629 million as at March 31, 2023 and March 31, 2022 respectively, being the total of the carrying amount of trade receivables, unbilled revenue (excluding contract assets) and other various financial assets.

**Trade receivable**

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses financial position at each reporting date whether a financial asset or a group of financial assets is impaired. The Company recognises lifetime expected losses for all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The Company's exposure to customers is diversified and no single customer contributes to more than 10% of outstanding accounts receivable and unbilled revenue as of March 31, 2023 and March 31, 2022. The concentration of credit risk is limited due to the fact that the customer base is large.

The expected credit loss allowance is based on the ageing of receivables and the rates in the provision matrix. Movement in the expected credit loss allowance is as follows:

₹ in million

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Balance at the beginning of the year | **903** | 841 |
| Provided during the year | **647** | 488 |
| Reversed/utilised during the year | **(455)** | (432) |
| Reinstatement impact | **31** | 5 |
| Balance at the end of the year | **1,126** | 903 |

**(iii) Liquidity Risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligation. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2023

| Particulars | Less Than 1 Year | More Than 1 Year | Total |
|---|---|---|---|
| Borrowings | - | - | - |
| Lease Liabilities | 105 | 48 | 153 |
| Trade Payables | 1,656 | | 1,656 |
| Other financial liabilities | 324 | | 324 |

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2022

| Particulars | Less Than 1 Year | More Than 1 Year | Total |
|---|---|---|---|
| Borrowings | - | - | - |
| Lease Liabilities | 79 | 143 | 222 |
| Trade Payables | 1,104 | - | 1,104 |
| Other financial liabilities | 388 | - | 388 |

**30 Auditor Remuneration(net of indirect taxes)**

₹ in million

| Particulars | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Statutory Audit | **6** | 5 |
| Tax Audit | **0** | 0 |
| For other services (certifications, etc.) | **1** | 1 |
| For reimbursement of expenses | **-** | 0 |
| Total | **7** | 6 |

**31 Corporate Social Responsibilty**

a) Gross Amount required to be spent by the Company during the year is ₹ 36 million ( previous year ₹ 34 million) (calculated at 2% of the average net profits of the Company during the three immediately preceding financial years)

b) Amount spent during the year on:

₹ in million

| Particulars | In cash | Yet to be paid in cash | Total |
|---|---|---|---|
| Construction/acquisition of any asset* | 2 | - | 2 |
| | [5] | [-] | [5] |
| On purposes other than construction/acquisition of any asset* | 34 | - | 34 |
| | [29] | [-] | [29] |

* Numbers in brackets “[ ]” pertains to previous year March 31, 2022

₹ in million

| Particulars | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Amount required to be spent by the Company during the year | **36** | 34 |
| Amount of expenditure incurred on: | | |
| (i) Construction/acquisition of any asset | **2** | 5 |
| (ii) On purposes other than (i) above | **34** | 29 |
| Shortfall at the end of the year | **-** | - |
| Total of previous years shortfall | **-** | - |
| Reason for shortfall | **NA** | NA |
| Nature of CSR activities | **Environmental sustainability and promoting education** | Education and vocational activities, women empowerment and food supply |
| Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard | | |
| (i) Tech Mahindra Foundation | **-** | 17 |
| (ii) Mahindra Educational Institutions | **19** | 5 |

**32 Basic and Diluted Earning per share**

₹ in million

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Nominal value per equity share | **10** | 10 |
| Profit after tax from continuing operations | **566** | 450 |
| Profit after tax from discontinued operations | **(50)** | (11) |
| **Profit attributable to equity shareholders** | **516** | 439 |
| | **No. of Shares** | No. of Shares |
| **Weighted average number of equity shares** | **22,693,742** | 21,869,000 |
| **Weighted average number of diluted equity shares** | **22,693,742** | 21,869,000 |
| | | |
| **Earning per share from continuing operations** | | |
| Earning Per Share- Basic | **24.92** | 20.58 |
| Earning Per Share- Diluted | **24.92** | 20.58 |
| | | |
| **Earning per share from discontinued operations** | | |
| Earning Per Share- Basic | **(2.18)** | (0.50) |
| Earning Per Share- Diluted | **(2.18)** | (0.50) |
| | | |
| **Earning per share from continuing and discontinued operations** | | |
| Earning Per Share- Basic | **22.74** | 20.08 |
| Earning Per Share- Diluted | **22.74** | 20.08 |

**33 Provision for warranty:**

The movement in the said provision is summarized below:

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Opening Balance | **8** | 8 |
| Add: Additional provision made during the year | **8** | - |
| Less: Provision reversed during the year | **(8)** | (0) |
| **Closing balance** | **8** | 8 |

Note: Provision for warranty is estimated and made based on technical estimates of the management and is expected to be settled over the period of next year.

**34** Segment Information has been presented in the Consolidated Financial Statements in accordance with Indian Accounting Standard Ind AS 108, Operating Segments as notified under the Companies (Indian Accounting Standard) Rules, 2015.

**35** The Company has accounted as an expense of ₹ 5.54 million (year ended March 31, 2022: ₹ 10 million) pertaining to amortised cost of stock options granted to certain employees of the Company granted by Tech Mahindra Limited, its holding Company. This cost is being accounted as an employee benefits expense.

**36** Based on the information available with the Company, following creditors have been identified as "Supplier" within the meaning of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

**Disclosures under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)**

| **Dues to micro and small suppliers** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| The amounts remaining unpaid to micro and small suppliers as at the end of the year: | | |
| Principal | **55** | 20 |
| Interest | **-** | - |
| The amounts of the payments made to micro, small and medium suppliers beyond the appointed day during each accounting year. | **-** | - |
| The amount of interest paid under the act beyond the appointed day during the year | **-** | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED | **-** | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year. | **-** | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED | **-** | - |

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2023 and March 31, 2022 has been made in the financial statements based on information received and available with the Company.

**37 Disclosures for revenue from contracts with customers**

**a) Disaggregation of revenue**

Revenue disaggregation by nature of services is as follows:

₹ in million

| **Nature of Services** | **For the year ended March 31, 2023** | | | **For the year ended March 31, 2022** | | |
|---|---|---|---|---|---|---|
| | **Continuing** | **Discontinued** | **Total** | **Continuing** | **Discontinued** | **Total** |
| Licence fee with implementation and other services | 6,236 | 2 | 6,238 | 4,500 | 233 | 4,733 |
| Revenue sharing arrangements | 537 | - | 537 | 233 | - | 233 |
| Annual maintenance contract services | 1,557 | - | 1,557 | 1,500 | - | 1,500 |
| Income from sale of equipments and software (third party) | 444 | - | 444 | 251 | - | 251 |
| Total * | 8,774 | 2 | 8,776 | 6,484 | 233 | 6,717 |

Revenue disaggregation by geography is as follows:

₹ in million

| Nature of Services | For the year ended March 31, 2023 | | | For the year ended March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Continuing | Discontinued | Total | Continuing | Discontinued | Total |
| India | 1,318 | - | 1,318 | 673 | | 673 |
| Rest of world | 7,456 | 2 | 7,458 | 5,811 | 233 | 6,044 |
| Total * | 8,774 | 2 | 8,776 | 6,484 | 233 | 6,717 |

**b) Significant changes in the contract assets balances is as follows:**

| Particulars | Total | Total |
|---|---|---|
| Opening balance | 548 | 346 |
| Add: Revenue recognised during the period | 954 | 435 |
| Less: Invoiced during the period | (328) | (215) |
| Add/less: Others | (2) | (18) |
| **Closing balance** | 1,172 | 548 |

**c) Remaining performance obligations**

The remaining performance obligations disclosure provides the aggregate amount of the transaction price yet to be recognised as of the end of the reporting period and an explanation as to when the Company expects to recognise these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation for contracts where the performance obligation is a part of a contract that has an original expected duration of one year or less or the entity has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in scope of contracts, periodic revalidations, adjustments for revenue that has not materialized and adjustments for currency.

**d) Significant changes in the contract liabilities balances is as follows:**

| Particulars | Total | Total |
|---|---|---|
| Opening balance | 20 | 21 |
| Less: Revenue recognised during the period that was included in the unearned revenue at the beginning of the year | (9) | (21) |
| Add: Invoiced during the period (excluding revenue recognized during the year) | 12 | 19 |
| Closing balance | 23 | 19 |
| **Closing balance** | 1,172 | 548 |

**e) The following table provides information in respect of amount of revenue recognised in the statement of profit and loss with the contracted price showing separately each of the adjustments made to the contract price:**

| Particulars | Total | Total |
|---|---|---|
| Contracted transaction for the year | 8,841 | 6,733 |
| Less: Adjustment for penalties / liquidated damages | (65) | (16) |
| **Revenue recognized in the statement of profit and loss for the year** | 8,776 | 6,717 |

4 customers represents 10% or more of the Company's total revenue during the years ended.

## 38 Income Tax Expense

Tax expense in the statement of profit and loss comprises:

₹ in million

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Current tax: | | |
| -Tax expense related to current year | **698** | 1,098 |
| -Tax expense related to earlier year | **-** | - |
| Total Current tax | **698** | 1,098 |

The tax expense for the period can be reconciled to the accounting profit as follows:

₹ in million

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Profit before Tax | **1,217** | 1,540 |
| Enacted/effective tax rate | **25.17%** | 25.17% |
| **Income tax expense calculated at enacted/effective tax rate** | **306** | 387 |
| Effect of expenses/income that are not admissible in determining taxable profit^ | **335** | 131 |
| Effect of income taxes related to prior years^ | **-** | 519 |
| Effect of tax on income at different rates | **22** | 33 |
| Others | **35** | 28 |
| **Income tax expense recognised in profit or loss** | **698** | 1,098 |

^ Includes ineligible foreign tax credits

Note:

The tax rate used for the above reconciliations are the rates as applicable for the respective periods payable by corporate entities in India on taxable profits under the India tax laws.

## 39 Deferred Tax:

The following is the analysis of deferred tax assets presented in the balance sheet:

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Deferred tax assets | **446** | 446 |
| Deferred tax liabilities | **-** | (3) |
| Deferred tax assets (net) | **446** | 443 |

The tax effect of significant timing differences that has resulted in deferred tax assets are given below:

₹ in million

| Particulars | For the year ended March 31,2023 | | | |
|---|---|---|---|---|
| | Opening balance | Recognized in Profit and loss | Recognized in OCI | Closing balance |
| Provision for Employee benefits | 159 | 16 | 5 | 180 |
| Provision for doubtful Trade receivables | 227 | 57 | - | 284 |
| Property, Plant & Equipment and Intangibles assets | (1) | (61) | - | (62) |
| Investments | - | - | - | - |
| Changes in fair value of derivatives designated as hedges | (2) | (1) | 1 | (2) |
| Others | 60 | (14) | - | 46 |
| **Net Deferred Tax Assets** | 443 | (3) | 6 | 446 |

₹ in million

| Particulars | For the year ended March 31,2022 | | | |
|---|---|---|---|---|
| | Opening balance | Recognized in Profit and loss | Recognized in OCI | Closing balance |
| Provision for Employee benefits | 171 | (22) | 10 | 159 |
| Provision for doubtful Trade receivables | 212 | 15 | - | 227 |
| Property, Plant & Equipment and Intangibles assets | (31) | 30 | - | (1) |
| Changes in fair value of derivatives designated as hedges | (2) | (1) | 1 | (2) |
| Others | 84 | (24) | - | 60 |
| **Net Deferred Tax Assets** | 434 | (2) | 11 | 443 |

**40 Foreign Exchange Management Act, 1999 disclosure :**

The Company is required to collect outstanding dues from customers outside India within 9 months of supply of goods or service made. (March 31, 2022: 15 months) . If any Company is unable to collect the due amount within the stipulated timeline, it has to apply to RBI for extension. The Company has trade receivable amounting to ₹ 1,649 mn (March 31, 2022: 1,635 mn) outside India which has not been collected within the stipulated deadline. For these trade receivables, the Company has filed an extension request (ETX filing) with RBI through its authorised dealers.

Further, a Company is also required to pay the outstanding dues to vendors outside India within 9 months of receipt of goods or service. The trade payables outside India outstanding for more than 9 months are ₹ Nil (March 31, 2022: Nil).

**41 Code of Social Security, 2020**

The Code on Social Security, 2020 (‘Code’) relating to employee benefits received the Presidential assent in September 2020. The Ministry of Labour and Employment had released draft rules for the Code on November 13, 2020 and had invited suggestions from stakeholders which are under active consideration by the Ministry. However, the effective date from which the changes are applicable is yet to be notified. The Company will evaluate and will give appropriate impact in the financial statements in the period in which the Code becomes effective and the related rules are published.

**42A Analytical ratios**

| Sr. No. | Particulars | As at March 31, 2023 | As at March 31, 2022 | Variance | Variance reasons |
|---|---|---|---|---|---|
| 1 | Current Ratio (in times) | 3.17 | 3.42 | -7.30% | |
| 2 | Debt-Equity Ratio (in times) | 0.01 | 0.03 | 0.00% | |
| 3 | Debt Service Coverage Ratio (in times) | 17.09 | 9.89 | 72.73% | Variance due to higher tax expenses in previous financial year on account of excess Foreign tax credit write off. |
| 4 | Return on Equity Ratio (in %) | 5.22% | 5.19% | 0.46% | |
| 5 | Trade Receivables turnover ratio (in times) | 2.49 | 1.86 | 33.85% | Variance due to better collections during the current financial year |
| 6 | Trade payables turnover ratio (in times) | 2.30 | 1.96 | 17.20% | |
| 7 | Net capital turnover ratio (in times) | 1.56 | 1.33 | 17.04% | |
| 8 | Net profit ratio (in %) | 5.88% | 6.54% | -10.05% | |
| 9 | Return on Capital employed (in %) | 10.71% | 17.99% | -40.47% | Variance due to capital infusion of ₹ 2,400 million in current year. |
| 10 | Return on investment (in %) | 1.26% | 3.25% | -61.18% | Variance due to redemption of mutual funds. |

The basis of computation of above parameters is provided in the table below:

| 1 | **Current Ratio** | **Current assets / current liabilities** |
|---|---|---|
| 2 | Debt-Equity Ratio | "(Non-current borrowings (+) current borrowings) / Equity<br>* including lease liabilities" |
| 3 | Debt Service Coverage Ratio | Profit before depreciation, amortisation, finance costs, exceptional items and tax / (interest expenses (+) principal repayments of long-term debt (+) payment of lease liabilities) |
| 4 | Return on Equity Ratio | Net Profits after taxes / Average Shareholder’s Equity |
| 6 | Trade Receivables turnover ratio | (Gross credit sales (-) sales return) / (Opening Trade receivables (+) Closing Trade receivables) / 2 |
| 7 | Trade payables turnover ratio | (Gross credit purchases (-) purchase return) / (Opening Trade payables (+) Closing Trade payables) / 2 |
| 8 | Net capital turnover ratio | (Total sales (-) sales returns) / (current assets (-) current liabilities.) |
| 9 | Net profit ratio | Net Profits after taxes / (Total sales (-) sales returns) |
| 10 | Return on Capital employed | Earning before interest and taxes / (Tangible Net Worth (+) Total Debt (+) Deferred Tax Liability) |
| 11 | Return on investment | Income generated from invested funds / Average invested funds in treasury investments |

**42B Additonal regulatory information required required by the Schedule III of Companies Act 2013.**

a. The Company does not own any immovable property.

b. The Company does not have transactions with companies struck off under section 248 of the Companies Act 2013 or section 560 of Companies Act 1956.

c. The Company does not hold any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

d. The Company has not availed borrowings from banks or financial institutions on the basis of security of current assets and has not been declared a wilful defaulter by any bank or financial institutions or government or government authority.

e. The Company has not traded or invested in crypto currency or virtual currency during the current year.

f. a) The Company has not advanced or loaned or invested funds to any persons or entities, including foreign entities (Intermediaries) with the understanding that the intermediary shall:

i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

b) The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

g. The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

h. The Company does not have any charges, satisfaction of which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.

**43 Discontinued Operations**

In the FY 2015-16, The group has acquired the business of TSLEE with the acquisition of ATS Advanced Technology Solutions S.A. (renamed as Comviva Technologies (Argentina) S.A. after acquisition) and ATS Advanced Technology solutions do Brasil Industria,Comercio, importacao E Exportacao Ltda (renamed as Comviva Technologies Do Brasil Industria, Comércio, Importação e Exportação Ltda). The acquisition was done with the purpose of expansion in LATAM Market and also the European Market.

However, due to low volume of business and continuing operational losses, the company, during the current year has decided to discontinue the operations of TSLEE product and to focus on other product lines for better profit margins.

The financial performance of the discontinued operations are as follows:

₹ in million

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Revenue from operations | **2** | 233 |
| Other income (net) | **-** | - |
| **Total income** | **2** | 233 |
| **Expenses** | | |
| (a) Employee benefits expense | **70** | 46 |
| (b) Subcontracting cost | **28** | |
| (c) Finance costs | **-** | - |
| (d) Depreciation and amortization expense | **-** | - |
| (e) Other expenses | **21** | 227 |
| **Total expenses** | **119** | 273 |
| **Loss before tax from Discontinued Operations** | **(117)** | (40) |
| Tax (credit) from Discontinued Operations | **(67)** | (29) |
| **Loss after tax from Discontinued Operations** | **(50)** | (11) |

**Cash flow from (used in) discontinued operations:**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Net cash used in operating activities | **(52)** | (194) |
| **Net cash flow for the year** | **(52)** | (194) |

**44 Previous year's figures have been re-classified to confirm to this year's classification.**

**As per our report of even date attached**

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No : 101248W/W-100022

For and on behalf of the Board of Directors of
Comviva Technologies Limited

**Rahim Merchant**
Partner
Membership No.: 132907
Pune

**Jagdish Mitra**
Director
Gurugram
DIN: 06445179

**Manoranjan Mohapatra**
Whole-time Director and CEO
Gurugram
DIN: 00043930

**Neeraj Jain**
Chief Financial Officer
Gurugram

**Parminder Singh Bakshi**
Company Secretary
Gurugram

Date: April 24, 2023

Date: April 24, 2023

# REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS OPINION

**Opinion**

We have audited the consolidated financial statements of Comviva Technologies Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2023, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 consolidated state of affairs of the Group as at 31 March 2023, of its consolidated profit and other comprehensive loss, consolidated changes in equity and consolidated cash flows for the year then ended.

**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 SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

**Other Information**

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's directors' report, but does not include the financial statements and auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the audit reports of other auditors, 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.

**Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements**

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive loss, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 with reference to 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 the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast

  significant doubt on the appropriateness of this assumption. 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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial statements of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matters" in this audit report.

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.

**Other Matter(s)**

a. We did not audit the financial statements of 3 subsidiaries, whose financial statements reflect total assets (before consolidation adjustments) of ₹7,276 million as at 31 March 2023, total revenues (before consolidation adjustments) of ₹4,107 million and net cash flows (before consolidation adjustments) amounting to ₹795 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

b. The financial statements/financial information of 12 subsidiaries, whose financial statements reflect total assets (before consolidation adjustments) of ₹2,030 million as at 31 March 2023, total revenues (before consolidation adjustments) of ₹1,698 million and net cash flows (before consolidation adjustments) amounting to ₹(390) million for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. These unaudited financial statements have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

   Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to the financial statements certified by the Management.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) 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 A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries, as were audited by other auditors, as noted in the "Other Matters" paragraph, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.

   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

   e. On the basis of the written representations received from the directors of the Holding Company as on 01 April 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2023 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 with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

  B. 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 and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the "Other Matters" paragraph:

a. The consolidated financial statements disclose the impact of pending litigations as at

31 March 2023 on the consolidated financial position of the Group. Refer Note 28 to the consolidated financial statements.

b. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2023.

c. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary company incorporated in India during the year ended 31 March 2023.

d (i) The respective management of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary companies that, to the best of their knowledge and belief, as disclosed in the Note 45 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary companies to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiary companies ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The respective management of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary companies that, to the best of their knowledge and belief, as disclosed in the Note 45 to the consolidated financial statements, no funds have been received by the Holding Company or any of such subsidiary companies from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary companies shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The Holding Company and its subsidiary companies incorporated in India have neither declared nor paid any dividend during the year.

f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Holding Company or any of such subsidiary companies only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

C. With respect to the matter to be included in the Auditor’s Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us and based on the report(s) of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants

Firm’s Registration No.:101248W/W-100022

**Rahim Merchant**

Partner

Place: Pune

Membership No.: 132907

Date: 24 April 2023

ICAI UDIN:23132907BGYQAI9424

# ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

Clause (xxi) of the Companies (Auditor's Report) Order, 2020 (CARO): In our opinion and according to the information and explanations given to us, there are no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order, 2020 reports of the companies incorporated in India and included in the consolidated financial statements.

The above does not include comments, if any, in respect of the following entities as the CARO report relating to them has not been issued by its auditor till the date of principal auditor's report:

| Name of the entities | CIN | Relationship |
|---|---|---|
| Yabx India Private Limited | U74999HR2020PTC087507 | Subsidiary |

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

**Rahim Merchant**

Partner

Place: Pune

Membership No.: 132907

Date: 24 April 2023

ICAI UDIN:23132907BGYQAI9424

# ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL

**Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act**

**(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Opinion**

In conjunction with our audit of the consolidated financial statements of Comviva Technologies Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company and such company incorporated in India under the Act which is its subsidiary company, as of that date.

In our opinion, the Holding Company and such company incorporated in India which is its subsidiary company, has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Holding Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

**Management's and Board of Directors' Responsibilities for Internal Financial Controls**

The respective Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the respective company/Company/Holding Company considering the essential components of internal control stated in the Guidance Note. 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 the respective company's/Company's/Holding 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 Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 judgement, including the assessment of the risks of material misstatement of the consolidated 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 internal financial controls with reference to financial statements.

**Meaning of Internal Financial Controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 consolidated 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 consolidated financial statements.

**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Other Matter(s)**

The internal financial controls with reference to financial statements insofar as it relates to one subsidiary company, which is a company incorporated in India and included in these consolidated financial statements, have not been audited either by us or by other auditor. In our opinion and according to the information and explanations given to us by the Management, such unaudited subsidiary company is not material to the Holding Company.

Our opinion is not modified in respect of this matter.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

**Rahim Merchant**
Partner
Membership No.: 132907
ICAI UDIN:23132907BGYQAI9424

Place: Pune
Date: 24 April 2023

# CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

₹ in million

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non current assets** | | | |
| (a) Property, plant and equipment | 3A | **296** | 333 |
| (b) Capital work-in-progress | 3D | **116** | 71 |
| (c) Right of use assets | 3B | **193** | 231 |
| (d) Intangible assets | 3C | **871** | 979 |
| (e) Intangible assets under development | 3E | **361** | - |
| (f) Goodwill | 34 | **694** | 748 |
| (g) Financial assets | | | |
| (i) Investments | 7B | **6** | 12 |
| (ii) Trade receivables | | | |
| Unbilled | 8(i) | **-** | 49 |
| (iii) Other financial assets | 11(i) | **63** | 52 |
| (h) Income tax Asset (net) | | **1,011** | 811 |
| (i) Deferred tax assets (net) | | **1,164** | 538 |
| (j) Other non-current assets | 5(i) | **253** | 191 |
| **Total non-current assets** | | **5,028** | 4,015 |
| **Current assets** | | | |
| (a) Inventories | 6 | **-** | 17 |
| (b) Financial assets | | | |
| (i) Investments | 7A | **-** | 954 |
| (ii) Trade receivables | | | |
| Billed | 8(i) | **4,272** | 3,834 |
| Unbilled | 8(ii) | **2,106** | 1,306 |
| (iii) Cash and cash equivalents | 9 | **2,891** | 1,300 |
| (iv) Other balances with bank | 10 | **100** | 72 |
| (v) Other financial assets | 11(ii) | **8** | 21 |
| (c) Other current assets | 5(ii) | **1,866** | 1,015 |
| **Total current assets** | | **11,243** | 8,519 |
| **TOTAL ASSETS** | | **16,271** | 12,534 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity share capital | 12 | **243** | 219 |
| (b) Other equity | 13 | | |
| Reserves and Surplus | | **10,358** | 7,207 |
| Items of Other Comprehensive Income | | **(15)** | (2) |
| **Equity attributable to owners of the company** | | **10,586** | 7,424 |
| Non-controlling interest | | **0** | 0 |
| **Total Equity** | | **10,586** | 7,424 |

₹ in million

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Non current liabilities** | | | |
| (a) Financial liabilities | | | |
| Lease Liabilities | | **126** | 171 |
| (b) Provisions | 15(i) | **439** | 300 |
| (c) Other non-current liabilities | 16(i) | **1** | 0 |
| (d) Deferred tax liabilities (net) | 4B | **-** | - |
| **Total non-current liabilities** | | **566** | 471 |
| **Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Lease Liabilities | | **140** | 94 |
| (ii) Borrowings | 14 | **-** | 1,528 |
| (iii) Trade payables | 17 | **3,473** | 1,782 |
| (iv) Other financial liabilities | 18 | **423** | 500 |
| (b) Other current liabilities | 16(ii) | **456** | 343 |
| (c) Provisions | 15(ii) | **202** | 139 |
| (d) Income tax liabilities (net) | | **425** | 253 |
| **Total current liabilities** | | **5,119** | 4,639 |
| **TOTAL EQUITY AND LIABILITIES** | | **16,271** | 12,534 |
| **See accompanying notes forming part of consolidated financial statements** | 1-46 | | |

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
**Comviva Technologies Limited**

**Rahim Merchant**
Partner
Membership No.: 132907
Pune

**Jagdish Mitra**
Director
Gurugram
DIN: 06445179

**Manoranjan Mohapatra**
Whole-time Director and CEO
Gurugram
DIN: 00043930

**Neeraj Jain**
Chief Financial Officer
Gurugram

**Parminder Singh Bakshi**
Company Secretary
Gurugram

Date: April 24, 2023

Date: April 24, 2023

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

₹ in million

| Particulars | Note No. | For the year ended March 31,2023 | For the year ended March 31,2022 |
|---|---|---|---|
| Revenue from operations | 19 | **12,450** | 8,194 |
| Other income | 20 | **68** | 253 |
| **Total income (I+II)** | | **12,518** | 8,447 |
| **Expenses** | | | |
| (a) Employee benefits expense | 21 | **4,017** | 3,283 |
| (b) Subcontracting cost | | **2,375** | 588 |
| (c) Finance costs | 22 | **46** | 30 |
| (d) Depreciation and amortization expense | 3 | **507** | 320 |
| (e) Provision for impairment | 34 | **123** | - |
| (f) Other expenses | 23 | **3,998** | 2,592 |
| **Total expenses** | | **11,066** | 6,813 |
| **Profit before tax from continuing operations** | | **1,452** | 1,634 |
| **Tax expenses** | 36 | | |
| (a) Current tax | | **853** | 1,128 |
| (b) Deferred tax | | **(156)** | (41) |
| | | **697** | 1,087 |
| **Profit after tax from continuing operations** | | **755** | 547 |
| **DISCONTINUED OPERATIONS** | 42 | | |
| (a) Profit/(Loss) before tax from Discontinued Operations | | **(324)** | 73 |
| (b) Tax (credit) /expense of Discontinued Operations | | **(207)** | 48 |
| Profit after tax from discontinued Operations | | **(117)** | 25 |
| **Profit after tax for the year** | | **638** | 572 |
| **Other comprehensive (loss)/income** | | | |
| **(I) Items that will not be reclassified to profit or loss** | | | |
| (a) Re-measurement (loss) /gain on defined benefit plans | | **(20)** | (40) |
| (II) Income tax relating to items that will not be reclassified to profit or loss | | **5** | 10 |
| **(I) Items that will be reclassified to profit or loss** | | | |
| (a) Net movement of effective portion on cash flow hedge | | **(4)** | (3) |
| (b) Exchange differences in translating the financial statements of foreign operations | | **182** | (55) |
| (c) Hyperinflation adjustment on non monetary position | 38 | **(40)** | 28 |
| (II) Income tax relating to items that will be reclassified to profit or loss | | **1** | 1 |
| **Other comprehensive loss for the year** | | **124** | (59) |
| **Total comprehensive income for the year** | | **763** | 513 |
| **Profit for the year attributable to:** | | | |
| Owners of the Company | | **638** | 572 |
| Non controlling interests | | **-** | - |
| **Other comprehensive loss for the year attributable to:** | | | |

₹ in million

| Particulars | Note No. | For the year ended March 31,2023 | For the year ended March 31,2022 |
|---|---|---|---|
| Owners of the Company | | **124** | (59) |
| Non controlling interests | | **-** | - |
| **Total comprehensive income for the year attributable to:** | | | |
| Owners of the Company | | **763** | 513 |
| Non controlling interests | | **-** | - |
| **Earnings per equity share -Continuing Operations (Face value of ₹ 10/- each)** | 30 | | |
| (a) Basic (in ₹) | | **33.29** | 25.03 |
| (b) Diluted (in ₹) | | **33.29** | 25.03 |
| **Earnings per Equity share - Discontinued Operations** | | | |
| (a) Basic (in ₹) | | **(5.15)** | 1.14 |
| (b) Diluted (in ₹) | | **(5.15)** | 1.14 |
| **Earnings per Equity share -Continuing and Discontinued Operations** | | | |
| (a) Basic (in ₹) | | **28.14** | 26.17 |
| (b) Diluted (in ₹) | | **28.14** | 26.17 |
| **See accompanying notes forming part of consolidated financial statements** | 1-46 | | |

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of
**Comviva Technologies Limited**

**Rahim Merchant**
Partner
Membership No.: 132907
Pune

**Jagdish Mitra**
Director
Gurugram
DIN: 06445179

**Manoranjan Mohapatra**
Whole-time Director and CEO
Gurugram
DIN: 00043930

**Neeraj Jain**
Chief Financial Officer
Gurugram

**Parminder Singh Bakshi**
Company Secretary
Gurugram

Date: April 24, 2023

Date: April 24, 2023

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023



**a. Equity share capital**

| Particulars | Number of Shares | Equity Share Capital (₹ in Million) |
|---|---|---|
| Balance at April 1, 2021 | 21,869,000 | 219 |
| Changes in equity share capital during the year | - | - |
| **Balance as at March 31, 2022** | 21,869,000 | 219 |
| Balance at April 1, 2022 | 21,869,000 | 219 |
| Changes in equity share capital during the year | 2,474,226 | 24 |
| **Balance as at March 31, 2023** | 24,343,226 | 243 |

**b. Other equity**

₹ in million

| Particulars | Reserves & Surplus | | | | Items of OCI | | Owners Equity | Non-Controlling interest | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Securities Premium | Capital reserve | Retained Earnings | Share Option Outstanding Account | Foreign Currency Translation Reserve | Effective portion of cash flow hedge | | | |
| Balance at April 1, 2021 | 567 | 53 | 6,525 | - | (32) | 7 | 7,120 | - | 7,120 |
| Profit during the year | - | - | 572 | - | - | - | 572 | - | 572 |
| Other comprehensive loss | - | - | (2) | - | (55) | (2) | (59) | - | (59) |
| **Total comprehensive income** | - | - | 570 | - | (55) | (2) | 513 | - | 513 |
| Share based payments to employees | - | - | - | 9 | - | - | 9 | - | 9 |
| Shares issue to non-controlling interest on exercise of ESOP | - | - | - | - | - | - | - | 0 | 0 |
| Transfer from share option outstanding account on exercise | - | - | - | (0) | - | - | (0) | 0 | - |

₹ in million

| Particulars | Reserves & Surplus | | | | Items of OCI | | Owners Equity | Non-Controlling interest | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Securities Premium | Capital reserve | Retained Earnings | Share Option Outstanding Account | Foreign Currency Translation Reserve | Effective portion of cash flow hedge | | | |
| of stock options | | | | | | | | | |
| Dividend (refer note 12) | - | - | (437) | - | - | - | (437) | - | (437) |
| **Balance as at March 31, 2022** | 567 | 53 | 6,658 | 9 | (87) | 5 | 7,205 | 0 | 7,205 |
| Balance at April 1, 2022 | 567 | 53 | 6,658 | 9 | (87) | 5 | 7,205 | 0 | 7,205 |
| Profit during the period | - | | 638 | - | - | - | 638 | - | 638 |
| Addition on account of issue of shares | 2,376 | | | | | | 2,376 | | 2,376 |
| Other comprehensive loss | - | - | (15) | - | 142 | (3) | 124 | - | 124 |
| **Total comprehensive income** | 2,376 | - | 623 | - | 142 | (3) | 3,138 | - | 3,138 |
| Share based payments to employees | - | - | - | 0 | - | - | 0 | | 0 |
| **Balance as at March 31, 2023** | 2,943 | 53 | 7,281 | 9 | 55 | 2 | 10,343 | 0 | 10,343 |

**Securities Premium:**

The aggregate difference between the par value of shares and the subscription amount is recognised as share premium.

**Capital Reserve :**

The company recognises profit and loss on purchase, sale, issue or cancellation of the company's own equity instruments to capital reserve.

**Retained Earnings:**

Retained earnings represents the undistributed profits of the Company accumulated as on Balance Sheet date.

**Foreign currency translation reserve :**

The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian rupees is recognised in other comprehensive income and is presented within equity in the foreign currency translation reserve.

**Cash Flow Hedging Reserve :**

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to statement of profit and loss in the period in which the hedged transaction occurs.

**Share Option Outstanding Account :**

It represents the fair value of services received against employees stock options.

As per our report of even date attached

| | | |
|---|---|---|
| For **B S R & Co. LLP**<br>Chartered Accountants<br>ICAI Firm Registration No: 101248W/W-100022 | For and on behalf of the Board of Directors of<br>**Comviva Technologies Limited** | |
| **Rahim Merchant**<br>Partner<br>Membership No.: 132907<br>Pune | **Jagdish Mitra**<br>Director<br>Gurugram<br>DIN: 06445179 | **Manoranjan Mohapatra**<br>Whole-time Director and CEO<br>Gurugram<br>DIN: 00043930 |
| | **Neeraj Jain**<br>Chief Financial Officer<br>Gurugram | **Parminder Singh Bakshi**<br>Company Secretary<br>Gurugram |
| Date: April 24, 2023 | Date: April 24, 2023 | |

# CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

₹ in million

| Particulars | For the year ended March 31, 2023 | | For the year ended March 31, 2022 | |
|---|---|---|---|---|
| | ₹ in million | ₹ in million | ₹ in million | ₹ in million |
| **A] Cash flows from operating activities** | | | | |
| Profit before tax | | 1,128 | | 1,707 |
| **Adjustments for:** | | | | |
| Depreciation and amortization | 507 | | 320 | |
| Profit on sale of property, plant and equipment | (8) | | (1) | |
| Profit on sale of investment | (18) | | (47) | |
| Gain due to fair valuation changes on financial assets | (1) | | 4 | |
| Interest expense | 46 | | 30 | |
| Interest income | (25) | | (16) | |
| Share options expenses | 0 | | 9 | |
| Profit on sale of subsidiary | - | | (2) | |
| Unrealised foreign exchange difference (net) | 333 | | (110) | |
| Reversal of provision no longer required | - | | (39) | |
| Provision for doubtful debt | 197 | | 386 | |
| | | 1,031 | | 534 |
| **Operating profit before working capital changes** | | 2,159 | | 2,241 |
| **Working capital adjustments:** | | | | |
| Trade Payables, other liabilities and provisions | 1,750 | | 157 | |
| Other financial liabilities, other liabilities and provisions | | | 6 | |
| Trade receivables | (1,322) | | (642) | |
| Other financial assets and other assets | (694) | | (155) | |
| | | (266) | | (634) |
| **Cash generated from operations** | | 1,893 | | 1,607 |
| Income taxes paid (net of refund) | | (880) | | (955) |
| **Net cash flows from operating activities (A)** | | 1,013 | | 651 |
| **B] Cash flows from investing activities** | | | | |
| Purchase of property, plant and equipment, intangible assets & intangible assets under development | (751) | | (202) | |
| Interest Received | 27 | | 5 | |
| Proceeds from sale/ redemption of Mutual Funds | 1,402 | | 4,670 | |
| Proceed from sale of subsidiary | - | | 2 | |
| Fixed deposit with bank | (28) | | | |
| Purchase of Mutual Funds | (440) | | (4,080) | |
| Proceeds from sale/ redemption of Bonds | 16 | | - | |
| Payment towards acquisition of business | (584) | | (1,495) | |

₹ in million

| Particulars | For the year ended March 31, 2023 | | For the year ended March 31, 2022 | |
|---|---|---|---|---|
| | ₹ in million | ₹ in million | ₹ in million | ₹ in million |
| Sale of property, plant and equipment | 127 | | 6 | |
| Proceeds from additional business consideration | (1) | | - | |
| Proceeds from additional business consideration | - | | 724 | |
| Proceeds from inter-corporate loan | - | | 154 | |
| **Net cash flows from investing activities (B)** | | (232) | | (216) |
| **C] Cash flows from financing activities** | | | | |
| Repayment of lease liabilities | (99) | | (82) | |
| Proceeds/(repayment) of short term borrowings | (1,528) | | 110 | |
| Payment of dividend | - | | (437) | |
| Proceeds from issue of share capital | 2,400 | | | |
| Finance Cost | 77 | | (45) | |
| **Net cash flows from financing activities (C)** | | 850 | | (454) |
| **D] Exchange differences on translation of foreign currency cash and cash equivalents** | | (40) | | 16 |
| **Net increase/(decrease) in cash and cash equivalents (A + B+ C )** | | 1,591 | | (4) |
| Cash & cash equivalents at the end of the period | | 2,891 | | 1,300 |
| Cash & cash equivalents at the beginning of the year | | 1,300 | | 1,304 |
| Net increase/(decrease) in cash and cash equivalents | | 1,591 | | (4) |

₹ in million

| Particulars | As at March 31, 2023 | As at Mar 31, 2022 |
|---|---|---|
| | ₹ | ₹ |
| **Note 1:** | | |
| **Cash and cash equivalents include:** | | |
| Cash on hand | 0 | 0 |
| Remittances in transit | 348 | 219 |
| Balance with banks | | |
| - In current accounts | 1,871 | 675 |
| - In deposit accounts | 672 | 406 |
| **Total Cash and Cash equivalents - refer note - 9** | 2,891 | 1,300 |

**Note 2:**

Figures in brackets represent outflow of cash and cash equivalents.

**Note 3:**

The above cash flow statement has been prepared under the indirect method as set out in Ind AS 7 on Cash Flow Statements.

**Note 4:**

During the current and previous period, there were no non-cash changes in financial liabilities resulting from financing activities. Accordingly, the reconciliation between opening and closing balances in the balance sheet for liabilities arising from financing acivities including both changes arising from cash flow and non-cash flow changes as required based on paragraph 44 of Ind AS 7 on “Statement of Cash Flows” has not been given.

**See accompanying notes forming part of consolidated financial statements 1-46**

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No: 101248W/W-100022

**Rahim Merchant**
Partner
Membership No.: 132907
Pune

Date: April 24, 2023

For and on behalf of the Board of Directors of
**Comviva Technologies Limited**

**Jagdish Mitra**
Director
Gurugram
DIN: 06445179

**Manoranjan Mohapatra**
Whole-time Director and CEO
Gurugram
DIN: 00043930

**Neeraj Jain**
Chief Financial Officer
Gurugram

**Parminder Singh Bakshi**
Company Secretary
Gurugram

Date: April 24, 2023

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

**1. Company Overview**

Comviva Technologies Limited (“the Company”) is provider of mobility solutions and a part of Mahindra Group. The company’s offerings are broadly divided into three categories: Financial Solutions, Digital Systems and Growth Marketing. Its extensive portfolio of solutions spans digital financial services, customer value management, messaging and broadband solution and digital lifestyle services. The company strives to enable service providers to enhance customer experience, resolve real, on-ground challenges and leverage technology to transform the lives of customers. Comviva’s solutions are deployed at various service providers and financial institutions and enrich the lives of people to deliver a better future.

The Company is a subsidiary of Tech Mahindra Limited.

The consolidated financial statements for the period ended March 31, 2023 were approved by the Board of Directors and authorized for issue on April 24, 2023.

**2. Significant Accounting Policies**

**2.1 Statement of Compliance**

The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.

**2.2 Basis for preparation of consolidated financial statements**

The functional currency of the Company and its Indian subsidiaries is the Indian Rupee (“INR”). Further, amounts which are less than half a million are reported as ‘0’. The functional currency of foreign subsidiaries is the currency of the primary economic environment in which the entity operates. These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values or amortised cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Group’s normal operating cycle.

In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purpose in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 Inventories or value in use in Ind AS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Current/ Non-current classification

The Group classifies an asset as current asset when:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is 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 classified as current when –

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group's normal operating cycle is twelve months.

**2.3 Basis of Consolidation:**

The consolidated financial statements comprise the financial statements of Comviva Technologies Limited and its subsidiaries (the Company and its subsidiaries constitute "the Group").

The Company consolidates all entities which are controlled by it.

The Company establishes control when; it has power over the entity, is exposed or has rights to variable returns from its involvement with the entity and has ability to affect the entity's returns by using its power over the entity.

Subsidiaries are consolidated from the date control commences until the date control ceases.

The results of subsidiaries acquired, or sold, during the year are consolidated from the effective date of acquisition and up to the effective date of disposal, as appropriate.

All inter-company transactions, balances and income and expenses and cash flows are eliminated in full on consolidation.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the company's interests and the non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

**Particulars of Consolidation:**

The consolidated financial statements present the consolidated accounts of the Group, which consists of accounts of the Company and its subsidiaries:

**Investment in Subsidiaries:**

| Sr. No. | Name of the Subsidiary | Country of Incorporation | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| 1 | Comviva Technologies Nigeria Limited | Nigeria | **100%** | 100% |
| 2 | Comviva Technologies FZ-LLC | UAE, Dubai | **100%** | 100% |
| 3 | Comviva Technologies B.V. and its subsidiaries: | Netherlands | **100%** | 100% |
| | i. Comviva Technologies (Argentina) S.A. (0.04% held by Comviva Technologies limited) | Argentina | **100%** | 100% |
| | ii. Comviva Technologies Do Brasil Indústria, Comércio, Importação E Exportação LTDA (0.04% held by Comviva Technologies limited) | Brazil | **100%** | 100% |
| | iii. Comviva Technologies Colombia S.A.S. | Colombia | **100%** | 100% |
| | iv. Comviva Technologies Mexico, S. de R.L. de C.V.* (0.04% held by Comviva Technologies FZ LLC) | Mexico | **100%** | 100% |
| | v. Comviva Technologies (Australia) Pty. Ltd. And its subsidiary | Australia | **100%** | 100% |
| | vi. Comviva International Netherlands B.V. (formerly known as DynaCommerce Holding BV)*** | Netherlands | **100%** | - |
| | a. Emagine International Pty. Ltd.^ | Australia | **100%** | 100% |
| 4 | Comviva Technologies Madagascar Sarlu | Madagascar | **100%** | 100% |
| 5 | YABX Technologies (Netherlands) BV*** | Netherlands | **100%** | 100% |
| 6 | Comviva Technologies USA Inc. | USA | **100%** | 100% |
| 7 | Comviva Technologies Myanmar Ltd. | Myanmar | **100%** | 100% |
| 8 | Comviva Technologies Cote D’ivorie** | Ivory Coast | **100%** | 100% |
| 9 | Yabx India Private Limited | India | **99.80%** | 99.80% |
| 10 | Comviva Technologies Americas Inc | USA | **100%** | 100% |

*, Comviva Technologies Mexico, S de R.L. de C.V. has been dissolved and liquidated with effect from March 3, 2021. However, the process of cancellation of registration before Mexican tax authorities is pending as on date of this Report.

The Company also maintains an ESOP named “Comviva ESOP Trust” which is also consolidated in company financial statements.

**, The Company incorporated another wholly owned subsidiary named Comviva Technologies Cote D’ivorie in February 2020, however capital is not infused till March 31, 2023 and no business in same is started.

***, During the year one of the subsidiary namely, Comviva Technologies Netherlands BV has acquired 100 % shares of Comviva International Netherlands BV (formerly known as DynaCommerce Holding BV), refer note 40 for more details.

^ With effect from 1st June 2022, company has been deregistered.

**2.4 Use of Estimates:**

The preparation of consolidated financial statements requires the management of the Group to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

**Critical accounting estimates**

**i) Revenue Recognition**

The Group applies the proportionate method for measurement of performance obligation in accounting for its fixed price contracts. Use of the proportionate method requires the Group to estimate the efforts to date as a proportion of the total budgeted efforts. Efforts have been used to measure progress towards completion as there is a direct relationship between input and productivity.

**ii) Income taxes**

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. The policy for the same has been explained under Note 2.17.

**iii) Property, plant and equipment**

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation 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 Group's assets are determined by management at the time the asset is acquired and reviewed at the end of each reporting period. 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. The policy for the same has been explained under Note 2.5.

**iv) Provisions**

Provision is recognized 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 a reliable estimate can be made. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. The policy for the same has been explained under Note 2.19.

**v) Business combinations and intangible assets**

Business combinations are accounted for using Ind AS 103. Ind AS 103 requires the identifiable net assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquire. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets and their estimated useful life. These valuations are generally conducted by independent valuation experts.

**vi) Impairment of Goodwill**

The Group estimates the value in use of the cash generating unit (CGU) based on the future cash flows after considering current economic conditions and trends, estimated future operating results and growth rate and anticipated future economic and regulatory conditions. The estimated cash flows are developed using internal forecasts. The discount rate used for the CGU's represent the weighted- average cost of capital based on the historical market returns of comparable companies.

**2.5 Property, Plant & Equipment and Other Intangible assets**

Property, Plant & Equipment and Other Intangible assets are stated at actual cost less accumulated depreciation and net of impairment. The actual cost capitalized includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage.

Depreciation / amortization of Property, Plant & Equipment and Other Intangible assets:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation / amortization on Property, Plant & Equipment including assets taken on lease, other than freehold land is charged based on straight line method on an estimated useful life except in respect of the following categories of assets, where the life of the assets has been assessed as under based on technical advice, considering the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

| Type of Asset | Estimated useful life |
|---|---|
| Plant and Equipment (including Computers and Electrical Equipment) | 3 -5 years |
| Office Equipment | 5 years |
| Furniture and Fixtures | 5 years |

The estimated useful lives and residual values of the Property, Plant & Equipment and Other Intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of Property, Plant & Equipment and intangible assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant & Equipment and intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss.

Improvements to leased premises are amortized over their estimated useful life or period of the lease, whichever is shorter.

Assets costing upto ₹ 5,000 are fully depreciated in the year of purchase except when they are part of a larger capital investment programme.

Computer Software and Hardware acquired for specific projects are amortized over the initial contract life of the project.

The cost of software purchased for internal use is capitalized and depreciated in full in the month in which it is put to use.

Intellectual Property Right (IPR) is amortized over a period of upto 6 years.

Customer relationships & contracts are amortized over a period of 3 years and commercial contracts are amortised over a period of 7 years.

Licenses are amortized over a period of 2 years.

**2.6 Business Combination**

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. Transaction costs incurred in connection with a business acquisition are expenses as incurred.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with IND AS 109 Financial Instruments or IND AS 37 Provisions, Contingent Liabilities and Contingent Assets, with the corresponding gain or loss being recognised in standalone statement of profit or loss.

**2.7 Goodwill and intangible assets**

Goodwill represents the cost of acquired business as established at the date of acquisition of the business in excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities less accumulated impairment losses, if any. Goodwill is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount. Intangible assets acquired separately are measured at cost of acquisition. Intangible assets acquired in a business combination are measured at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

## 2.8 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Group as a lessee**

The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any re-measurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by- lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in statement of profit and loss.

The Group has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

**Group as a lessor**

At the inception of the lease the Group classifies each of its leases as either an operating lease or a finance lease. The Group recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor’s net investment in the lease. When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, the Group applies Ind AS 115 Revenue to allocate the consideration in the contract.

**2.9 Impairment of Assets**

**i) Financial assets**

Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Impairment loss on financial assets carried at amortized cost is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. In a subsequent period, if the amount of impairment loss decreases and the decrease can be related objectively to an event, the previously recognised impairment is reversed through profit or loss.

**ii) Non-financial assets**

Property, Plant & Equipment and Other Intangible assets

Property, Plant and Equipment and Other intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e., 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 unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss.

**Goodwill**

CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is indication for impairment. If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit.

**2.10 Inventories**

Inventories are stated at lower of cost or net realizable value. In determining the cost of materials, the weighted average cost method is used.

**2.11 Non – current assets (or disposal groups) held for sale**

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The sale is considered highly probable only when the asset or disposal group is available for immediate sale in its present condition, it is unlikely that the sale will be withdrawn and sale is expected within one year from the date of the classification. Disposal groups classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately in the balance sheet. If the criteria stated by IND AS 105 "Non-current Assets Held for Sale and Discontinued Operations" are no longer met, the disposal group ceases to be classified as held for sale. Non-current asset that ceases to be classified as held for sale are measured at the lower of:

i. It's carrying amount before the asset was classified as held for sale, and

ii. It's recoverable amount at the date when the disposal group ceases to be classified as held for sale.

**2.12 Revenue recognition**

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those products or services.

Revenue from time and material and job contracts is recognized on output basis measured by units delivered, efforts expended, number of transactions processed, etc.

Revenue related to fixed price maintenance and support services contracts where the Group is standing ready to provide services is recognized based on time elapsed mode and revenue is straight lined over the period of performance.

In case of revenue sharing arrangements, revenue is recognized basis actual usage of value-added services as per contractually agreed rates.

Revenue from the sale of distinct internally developed software and manufactured systems and third party software is recognized upfront at the point in time when the system / software is delivered to the customer. In cases where implementation and / or customization services rendered, revenue against these services recognized over the period of time using proportionate method for measuring performance obligation.

Revenue on fixed price development contracts is recognised using the 'percentage of completion' method of accounting, unless work completed cannot be reasonably estimated. Percentage of completion is determined based on actual hours incurred to date as a percentage of total budgeted hours 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 Group does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognised only to the extent of contract cost incurred for which recoverability is probable.

Revenue from the sale of distinct third party hardware is recognized at the point in time when risk and rewards is transferred to the customer.

The solutions offered by the Group may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Group is acting as the principal or as an agent of the customer. The Group recognizes revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

Unearned and deferred revenue ("contract liability") is recognized when there are billings in excess of revenues.

Use of judgments in revenue recognition.

The Group's contracts with customers could include promises to transfer multiple products and services to a customer. The Group assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Group uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

Contract fulfilment costs are generally expensed as incurred except for certain software license costs which meet the criteria for capitalization. The assessment of this criterion requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Dividend income is recognized when the Group's right to receive dividend is established.

**2.13 Foreign currency transactions**

**(a) Presentation and functional currencies**

The functional currency of Comviva Technologies Limited is Indian Rupees (INR) whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile.

**(b) Translation**

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency (INR) using exchange rates prevailing on the dates of Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the profit or loss.

**(c) Adjustment due to hyperinflation**

After July 1, 2018, the Argentine economy was considered, for purposes of IND AS 29 as hyperinflationary. The financial statements of the subsidiaries whose functional currency is the Argentine Peso have been restated.

The non-monetary items of the statement of financial position as well as the income statement, comprehensive incomes and cash flows of the group's entities, whose functional currency corresponds to a hyperinflationary economy, are adjusted for inflation and re-expressed in accordance with the variation of the consumer price index ("CPI"), at each presentation date of its financial statements. The re-expression of non-monetary items is made from the date of initial recognition in the statements of financial position and considering that the financial statements are prepared under the historical cost criterion.

Net losses or gains arising from the re-expression of non-monetary items and income and costs are recognized in the consolidated income statement under "Hyperinflation Adjustment on non monetary position".

Net gains and losses on the re-expression of opening balances due to the initial application of IND AS 29 are recognized in the consolidated retained earnings.

Re-expression due to hyperinflation will be recorded until the period in which the economy of the entity ceases to be considered as a hyperinflationary economy, at that time, the adjustments made by hyperinflation will be part of the cost of non-monetary assets and liabilities.

The comparative amounts in the consolidated financial statements of the Company are presented in a stable currency and are not adjusted for subsequent changes in the price level or exchange rates.

**2.14 Foreign Operations:**

For the purpose of these financial statements, the assets and liabilities of the Group's foreign operations are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising on translation are recognized in other comprehensive income and accumulated in equity.

**2.15 Financial Instruments:**

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments. 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.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized in profit or loss.

**i) Non-derivative financial instruments:**

Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized 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.

Financial assets at fair value

Financial asset not measured at amortized cost is carried at fair value through profit or loss (FVTPL) on initial recognition, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investment in equity instruments which are not held for trading.

The Group, on initial application of IND AS 109 Financial Instruments, has made an irrevocable election to present in other comprehensive income subsequent changes in fair value of equity instruments not held for trading.

Financial asset at FVTPL are measured at fair values at the end of each reporting period, with any gains or losses arising on re-measurement recognized in Statement of profit and loss.

Financial liabilities

Financial liabilities maturing after one year are subsequently carried at amortized cost using the effective interest method.

For trade payables and other financial liabilities maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**ii) Derivative financial instruments and hedge accounting**

The Group uses foreign currency forward contracts / options to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. The Group designates some of these as cash flow hedges applying the recognition and measurement principles set out in the Ind AS 109.

The use of foreign currency forward contracts / options is governed by the Group policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Group's risk management strategy. The counter party to the Group's foreign currency forward contracts is generally a bank. The Group does not use derivative financial instruments for speculative purposes.

Foreign currency forward contract/option derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognized in other comprehensive income and accumulated under Hedging Reserve and the ineffective portion is recognized immediately in the Statement of Profit and Loss.

Amounts previously recognized in other comprehensive income and accumulated in Hedging Reserve are reclassified to profit or loss in the same period in which gains/losses on the item hedged are recognized in the

Statement of Profit or Loss. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in Hedging Reserve are transferred from Hedging Reserve and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Any Profit or Loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense in the period in which such cancellation or renewal occurs. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the Statement of Profit and Loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Cumulative gain or loss on the hedging instrument classified in Hedging Reserve is retained there and is classified to Statement of Profit and Loss when the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in Hedging Reserve is transferred to the Statement of Profit and Loss for the period.

**iii) De-recognition of financial instruments**

The group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The group derecognizes financial liabilities when, and only when, the group's obligation is discharged, cancelled or have expired.

**2.16 Employee benefits**

**i) Gratuity:**

The group accounts for its gratuity liability, a defined retirement benefit plan covering eligible employees. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's salary and the tenure of the employment. Liabilities with regard to a Gratuity plan are determined based on the actuarial valuation carried out by an independent actuary as at the Balance Sheet date using the Projected Unit Credit method for India location. Certain overseas subsidiaries/ branches of the group also provide for retirement benefit plans in accordance with the local laws.

Actuarial gains and losses are recognized in full in other comprehensive income and accumulated in equity in the period in which they occur. Past service cost is recognized in profit or loss in the period of a plan amendment.

**ii) Provident fund:**

The eligible employees of the Company are entitled to receive the benefits of Provident fund, a defined contribution plan, in which both employees and the Company and its Indian subsidiaries make monthly contributions at a specified percentage of the covered employees' salary (currently at 12% of the basic salary) which are charged to the Statement of Profit and Loss on accrual basis. Full contribution is made to recognised provident fund. The contributions to the trust managed by the Company is accounted for as a defined benefit plan as the Company is liable for any shortfall in the fund assets based on the government specified minimum rates of return.

**iii) Compensated absences:**

The group provides for the compensated absences subject to group's certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is provided based on the number of days of unavailed leave at each Balance Sheet date on the basis of an independent actuarial valuation using the Projected Unit Credit method for India location and some branches of Company, whereas provision for encashment of unavailed leave on retirement is made on actual basis for foreign subsidiaries and other branches of Company.

Actuarial gains and losses are recognized in full in the Statement of Profit and Loss in the period in which they occur.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

**iv) Other short term employee benefits:**

Other short-term employee benefits such as overseas social security contributions and performance incentives expected to be paid in exchange for the services rendered by employees, are recognized during the period when the employee renders the service.

**2.17 Taxation:**

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the local tax laws existing in the respective countries.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the income taxes or deferred taxes are recognized in other comprehensive income or directly in equity, respectively.

Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

**Deferred income taxes**

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, 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 profit or loss at the time of the transaction.

Deferred income tax asset is recognized to the extent that 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 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 tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is probable evidence that the Group will pay normal income tax in future.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

**2.18 Earnings per share**

Basic earnings/(loss) per share are calculated by dividing the net profit/(loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the period and also after the Balance Sheet date but before the date the financial statements are approved by the Board of Directors.

For the purpose of calculating diluted earnings/(loss) per share, the net profit/(loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**2.19 Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized 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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities and Contingent assets are not recognized in the financial statements.

**2.20 Provision for Warranty**

The Group has an obligation by way of warranty to maintain the software during the period of warranty, which may vary from contract to contract. Costs associated with such sale are accrued at the time when related revenues are recorded and included in cost-of-service delivery. The Group estimates such cost based on historical experience and the estimates are reviewed periodically for material changes in the assumptions.

**2.21 Research and Development**

Expenditure on research is written off in the period in which it is incurred. Development expenditure incurred on specific projects is capitalised where the Board is satisfied that the following criteria have been met:

- it is technically feasible to complete the software product so that it will be available for use and management intends to complete the software product and use or sell it
- it can be demonstrated how the software product will generate probable future economic benefits
- adequate technical, financial, and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

External software license cost includes expenditure that is directly attributable to the acquisition of the items.

Computer software development expenditure and external software licenses recognised as assets are amortised on a straight-line basis over their estimated useful lives, which does not exceed 3 years

**Development Costs**

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

**2.22 Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of that asset. All other borrowing costs are charged to the statement of profit and loss.

**2.23 Discontinued operations**

A discontinued operation is a component of Group's business, the operations and cash flows of which can be clearly distinguished from those of the rest of the Group and which represents a separate major line of business or geographical area of operations and

i. Is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or

ii. Is a subsidiary acquired exclusively with a view to re-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit loss is re-presented as if the operation had been discontinued from the start of the comparative period.

**2.24 Recent pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

## Note 3A - Property, Plant and Equipment

₹ in million

| Particulars | Gross Block | | | | | | | Accumulated Depreciation/Amortization | | | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2022 | Additions on Acquisition | Additions | Disposals | Discontinued Operations | Translation exchange difference | As at April 1, 20223 | As at April 1, 2022 | For during the period | Disposal | Discontinued Operations | Translation exchange difference | As at April 1, 2023 | As at April 1, 2023 | As at April 1, 2022 |
| **3A. Tangible Assets** | | | | | | | | | | | | | | | |
| Plant and equipment | 1,219 | 5 | 110 | 96 | - | 46 | 1,284 | 981 | 136 | 13 | - | (21) | 1,083 | 201 | 238 |
| (Previous year) | (1,075) | (26) | (170) | (35) | - | 17 | (1,219) | (899) | (133) | (35) | - | 16 | (981) | (238) | (176) |
| Furniture and fixtures | 41 | 0 | 1 | 7 | - | 3 | 38 | 27 | 5 | 1 | - | 1 | 32 | 6 | 14 |
| (Previous year) | (36) | (7) | (3) | (8) | - | (3) | (41) | (26) | (7) | (7) | - | (1) | (27) | (14) | (10) |
| Office equipment | 134 | - | 3 | 34 | - | 4 | 107 | 78 | 12 | 4 | - | 2 | 88 | 19 | 56 |
| (Previous year) | (102) | (30) | (3) | (3) | - | (2) | (134) | (67) | (12) | (3) | - | (2) | (78) | (56) | (35) |
| Improvement to leased premises | 98 | 51 | 1 | - | - | 8 | 158 | 73 | 15 | (0) | - | 0 | 88 | 70 | 25 |
| (Previous year) | (144) | - | (0) | (55) | - | (9) | (98) | (101) | (22) | (51) | - | (1) | (73) | (25) | (43) |
| | | | 1,756 | | | | | | | | | | | | |
| Total | **1,492** | **56** | **115** | **137** | **-** | **61** | **1,587** | **1,159** | **168** | **18** | **-** | **(18)** | **1,291** | **296** | **333** |
| Previous Year | **(1,357)** | **(63)** | **(176)** | **(101)** | **(0)** | **3** | **(1,492)** | **(1,093)** | **(174)** | **(96)** | **-** | **12** | **(1,159)** | **(333)** | **(264)** |

## Note 3B - Right of use asset

₹ in million

| Particulars | Gross Block | | | | | | | Accumulated Depreciation/Amortization | | | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2022 | Additions on Acquisition | Additions | Disposals | Discontinued Operations | Translation exchange difference | As at April 1, 20223 | As at April 1, 2022 | For during the period | Disposal | Discontinued Operations | Translation exchange difference | As at April 1, 2023 | As at April 1, 2023 | As at April 1, 2022 |
| Right of Use for Office Premises | 534 | 77 | 15 | - | - | (11) | 615 | 303 | 124 | - | - | (5) | 422 | 193 | 231 |
| (Previous year) | (519) | - | (18) | - | - | 3 | (534) | (200) | (103) | - | - | (0) | (303) | (231) | (319) |
| Total | **534** | **77** | **15** | **-** | **-** | **(11)** | **615** | **303** | **124** | **-** | **-** | **(5)** | **422** | **193** | **231** |
| Previous Year | **(519)** | **-** | **(18)** | **-** | **-** | **3** | **(534)** | **(200)** | **(103)** | **-** | **-** | **(0)** | **(303)** | **(231)** | **(319)** |

## Note 3C - Intangible Assets (Other than internally generated)

₹ in million

| Particulars | Gross Block | | | | | | | Accumulated Depreciation/Amortization | | | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2022 | Additions on Acquisition | Additions | Disposals | Discontinued Operations | Translation exchange difference | As at April 1, 20223 | As at April 1, 2022 | For during the period | Disposal | Discontinued Operations | Translation exchange difference | As at April 1, 2023 | As at April 1, 2023 | As at April 1, 2022 |
| Computer software | 628 | - | 31 | 3 | - | (21) | 635 | 628 | 26 | 3 | - | (21) | 630 | 5 | 0 |
| (Previous year) | (620) | (2) | (10) | - | - | 4 | (628) | (619) | (6) | - | - | (3) | (628) | 0 | (1) |
| Intellectual property rights | 773 | 0 | (0) | - | - | 49 | 822 | 198 | 127 | - | - | 6 | 331 | 491 | 575 |
| (Previous year) | (226) | (543) | - | - | - | (4) | (773) | (165) | (32) | - | - | (1) | (198) | (575) | (61) |
| Intangible Assets-Customer rights | - | - | (0) | - | - | (0) | (0) | 0 | (0) | - | - | (0) | (0) | 0 | 0 |
| (Previous year) | (188) | - | 0 | (181) | - | 7 | - | (188) | - | (181) | - | 7 | 0 | (0) | (0) |
| Intangible Assets-Commercial agreements | 409 | - | 0 | - | - | 35 | 444 | 5 | 62 | - | - | 2 | 69 | 375 | 404 |
| (Previous year) | - | (407) | - | - | - | (2) | (409) | - | (5) | - | - | (0) | (5) | (404) | - |
| Total | **1,810** | **0** | **31** | **3** | **-** | **63** | **1,901** | **831** | **215** | **3** | **-** | **(13)** | **1,030** | **871** | **979** |
| Previous Year | **(1,034)** | **(952)** | **(10)** | **(181)** | **-** | **5** | **(1,810)** | **(972)** | **(43)** | **(181)** | **-** | **3** | **(831)** | **(979)** | **(62)** |

## Note 3D - Capital work-in-progress

| **CWIP** | **Amount in CWIP for a period of** | | | | |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 years** | **2-3 years** | **> 3 years** | **Total** |
| Projects in progress | 116 | - | - | - | 116 |
| Projects temporarily suspended | - | - | - | - | - |

| **As at 31-Mar-2023** | **CWIP to be completed in** | | | | |
|---|---|---|---|---|---|
| | | **1-2 years** | **2-3 years** | **> 3 years** | **Total** |
| Project 1 | 116 | - | - | - | 116 |
| Project 2 | - | - | - | - | - |

**Capital work-in-progress ageing schedule as on March 31, 2022**

| CWIP | Amount in CWIP for a period of | | | |
|---|---|---|---|---|
| | **Less than 1 year** | **1-2 years** | **2-3 years** | **> 3 years** | **Total** |
| Projects in progress | 71 | - | | - | 71 |
| Projects temporarily suspended | - | - | - | - | - |

| As at 31-Mar-2022 | CWIP to be completed in | | | | |
|---|---|---|---|---|---|
| | | **1-2 years** | **2-3 years** | **> 3 years** | **Total** |
| Project 1 | 71 | | | | |
| Project 2 | | | | | |

The group does not have any CWIP which is overdue or as exceeded its cost compared to its original plan and hence CWIP (including intangible assets under development ) completion schedule is not applicable.

**Note 3E - Intangible assets under development (Internally generated assets)**

The Group has incurred in Research and Development costs towards research, technology, engineering and new product development. The Group follows a policy of capitalising new product development, which meets the criteria of Ind AS 38 Intangible assets and has accordingly recognised such cost

as Internally generated Intangible asset under 'Intangible assets under development'.

The details of expenses which are recognised as Intangible assets under development is as follows:

| Particulars | **March 31, 2023** | March 31, 2022 |
|---|---|---|
| Salaries, wages and bonus | **260** | - |
| Subcontracting cost | **101** | - |
| Total | **361** | - |

**Intangible Asset under Development (IAUD) Ageing schedule as on March 31, 2023**

| Intangible assets under development | Amount in IAUD for a period of | | | | |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 years** | **2-3 years** | **> 3 years** | **Total** |
| Projects in progress | 361 | - | - | - | - |
| Projects temporarily suspended | - | - | - | - | - |

**Intangible Asset under Development whose completion is overdue compared to its original plan:**

| As at 31-Mar-2023 | Amount in IAUD for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | > 3 years | Total |
| Mobiquity Pay v11 | 96 | - | - | - | - |
| PreTUPS V8 | 21 | - | - | - | - |
| MRTM 0.5 | 49 | - | - | - | - |
| DBXP | 61 | - | - | - | - |

**Intangible Asset under Development (IAUD) Ageing schedule as on March 31, 2022**

There were no intangible asset under development as on March 31, 2022

**Note 4A - Deferred tax assets (net) :**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Break up of deferred tax assets** | | |
| Provision for Employee benefits | **152** | 159 |
| Provision for doubtful trade receivables | **227** | 227 |
| Brought forward business losses | **482** | 92 |
| Others | **306** | 63 |
| **Break up of deferred tax liability** | | |
| Changes in fair value of derivatives designated as hedges | **(2)** | (2) |
| Property, Plant & Equipment and Intangible assets | **(1)** | (1) |
| **Total** | **1,164** | 538 |

**Note 5 - Other Assets :**

**(i) 0ther non current assets**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Capital advances | | |
| Considered good | **0** | 2 |
| Considered doubtful | **-** | - |
| | **0** | 2 |
| Provision for doubtful advances | **-** | - |
| | **0** | 2 |
| Prepaid expenses | **4** | 9 |
| Balance with Government authorities | | |
| Considered good | **249** | 180 |
| Considered doubtful | **-** | - |
| | **249** | 180 |
| Provision for doubtful balances | **-** | - |
| | **249** | 180 |
| **Total** | **253** | 191 |

**(ii) 0ther current assets**

| | | ₹ in million |
|---|---|---|
| **Particulars** | **As at** | As at |
| | **March 31, 2023** | March 31, 2022 |
| Advance to suppliers | | |
| Considered good | **145** | 25 |
| Considered doubtful | **-** | 1 |
| | **145** | 26 |
| Provision for doubtful advances | **-** | 1 |
| | **145** | 25 |
| Other loans and advances | | |
| Considered good | **45** | 19 |
| Considered doubtful | **8** | 8 |
| | **53** | 27 |
| Provision for doubtful advances | **8** | 8 |
| | **45** | 19 |
| Balance with Government authorities | **253** | 216 |
| Prepaid expenses | **164** | 144 |
| Contract Assets | **1,259** | 611 |
| **Total** | **1,866** | 1,015 |

**Note 6 - Inventories :**

| | | ₹ in million |
|---|---|---|
| **Particulars** | **As at** | As at |
| | **March 31, 2023** | March 31, 2022 |
| (Valued at lower of cost and net realizable value) | | |
| Others - Stock of IT equipments, purchased software (Consumed in IT projects) and others | **-** | 17 |
| **Total** | **-** | 17 |

**Note 7 - Investments**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| A) Investment in Mutual Funds - unquoted (Carried at fair value through P&L) | | |
| Mahindra Manulife Liquid Fund Direct Growth: Nil units (Previous year: 275,760.45 units) (Previous year: NAV ₹ 1,384.18) | - | 382 |
| UTI Liquid Cash Plan - Direct Growth Plan: Nil units (Previous year: 164,031.66 units) (Previous year: NAV ₹ 3,488.04) | - | 572 |
| | - | 954 |
| B) Investment in bonds-quoted (Carried at fair value through P&L) | | |
| Corporate bonds | **6** | 12 |
| | **6** | 12 |
| **Total** | **6** | 966 |
| Aggregate value of quoted investment | **6** | 12 |
| Aggregate value of unquoted investment | - | 954 |
| Aggregate market value of quoted investment | **6** | 12 |

**Note 8 - Trade receivables :**

**(i) Non Current Trade receivables :**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade receivables -Unbilled | - | 49 |
| **Total** | - | 49 |

**(ii) Current Trade receivables :**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| - Considered good – Unsecured | **5,218** | 4,682 |
| Less: Allowance for expected credit loss | **946** | 848 |
| | **4,272** | 3,834 |
| - Credit impaired – Unsecured | **96** | 73 |
| Less: Allowance for credit impairment | **96** | 73 |
| | - | - |
| **Trade receivables -Billed (A)** | **4,272** | 3,834 |
| **Trade receivables -Unbilled (B)** | **2,106** | 1,306 |
| Total (A+B) | **6,378** | 5,140 |

**Trade Receivables ageing schedule as at March 31, 2023**

₹ in million

| Particulars | Outstanding for following periods from due date of payments | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months -1 year | 1-2 yrs | 2-3 yrs | More than 3 years | Total |
| **Trade Receivables - Billed** | | | | | | | |
| Undisputed trade receivables- considered good | 1,258 | 2,112 | 580 | 539 | 301 | 428 | 5,218 |
| Undisputed trade receivables- credit impaired | - | - | - | 25 | - | 71 | 96 |
| Disputed trade receivables- considered good | - | - | - | - | - | - | - |
| Disputed trade receivables- credit impaired | - | - | - | - | - | - | - |
| | 1,258 | 2,112 | 580 | 564 | 301 | 499 | 5,314 |
| Less: Allowance for doubtful trade receivables | | | | | | | 1,042 |
| | | | | | | | 4,272 |
| **Add : Trade receivable - Unbilled (Non current and current)** | | | | | | | 2,106 |
| **Total Trade Receivables** | | | | | | | 6,378 |

**Trade Receivables ageing schedule as at March 31, 2022**

₹ in million

| Particulars | Outstanding for following periods from due date of payments | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months -1 year | 1-2 yrs | 2-3 yrs | More than 3 years | Total |
| **Trade Receivables - Billed** | | | | | | | |
| Undisputed trade receivables- considered good | 858 | 1,954 | 572 | 690 | 359 | 249 | 4,682 |
| Undisputed trade receivables- credit impaired | - | - | - | - | - | 73 | 73 |
| Disputed trade receivables- considered good | - | - | - | - | - | - | - |
| Disputed trade receivables- credit impaired | - | - | - | - | - | - | - |
| | 858 | 1,954 | 572 | 690 | 249 | 322 | 4,755 |
| Less: Allowance for doubtful trade receivables | | | | | | | 921 |
| | | | | | | | 3,834 |
| **Add : Trade receivable - Unbilled (Non current and current)** | | | | | | | 1,306 |
| **Total Trade Receivables** | | | | | | | 5,140 |

**Note 9 - Cash and cash equivalents :**

₹ in million

| Particulars | | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| Cash on hand | | **0** | 0 |
| Remittances in transit | | **348** | 219 |
| Balances with banks: | | | |
| - | In current accounts | **1,871** | 675 |
| - | In deposit accounts | **672** | 406 |
| **Total** | | **2,891** | 1,300 |

**Note 10 - Other balances with bank :**

₹ in million

| Particulars | | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| Earmarked balances with bank | | | |
| - | Balance held under escrow/margin account | **33** | 10 |
| - | Balances held as margin money/security towards obtaining Bank Guarantees | **67** | 62 |
| **Total** | | **100** | 72 |

**Note 11 - Other Financial assets**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Security deposits | | |
| Considered good | **63** | 52 |
| Considered doubtful | **-** | - |
| | **63** | 52 |
| Provision for doubtful security deposit | **-** | - |
| | **63** | 52 |
| **Total** | **63** | 52 |

**(ii) 0ther current financial assets**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Derivative financial assets | **-** | 8 |
| Security deposits (net of provision) | **2** | 2 |
| Interest accrued | **6** | 11 |
| **Total** | **8** | 21 |

**Note 12 -Equity Share capital :**

₹ in million

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **Number** | **₹ in million** | Number | ₹ in million |
| **(a) Authorised :** | | | | |
| Equity shares of ₹ 10 each | **25,500,000** | **255** | 25,500,000 | 255 |
| Series A 0.001% fully convertible non-cumulative preference shares of ₹ 10 each | **8,000,000** | **80** | 8,000,000 | 80 |
| **(b) Issued, subscribed and fully paid up :** | | | | |
| Equity shares of ₹ 10 each fully paid up | **24,343,226** | **243** | 21,869,000 | 219 |
| Total | **24,343,226** | **243** | 21,869,000 | 219 |

**Notes:**

**(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:**

₹ in million

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **Number** | **₹ in million** | Number | ₹ in million |
| Equity Shares | | | | |
| Opening Balance | **21,869,000** | **219** | 21,869,000 | 219 |
| Add: Additions during the period | **2,474,226** | **24** | - | - |
| Closing Balance | **24,343,226** | **243** | 21,869,000 | 219 |

**(ii) Terms, rights and restrictions attached to:**

**Equity Shares:**

The Company has equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the equity shares held by the shareholders.

**Series A 0.001% fully convertible non-cumulative preference shares:**

The Company has fully convertible non-cumulative redeemable preference shares having a par value of ₹ 10 per share. "

**(iii) Details of shares held by the holding company**

| Particulars | Number of Shares as at | |
|---|---|---|
| | **March 31, 2023** | **March 31, 2022** |
| Tech Mahindra Limited | **24,341,139*** | 21,866,913 |

* It includes 7 shares which are jointly held by Tech Mahindra Limited and Individual shareholders in Tech Mahindra Limited's kitty.

**(iv) Details of equity shares held by shareholder holding more than 5%:**

| Name of shareholder | As at March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | No. of Shares | % of Holding # | No. of Shares | % of Holding # |
| Tech Mahindra Limited* | 24,341,139 | 99.99% | 21,866,913 | 99.99% |

# This percentage of holding is presented with reference to Issued, Subscribed and Paid up.

*It is the sole promoter of the company.

**Note 13 - Other Equity :**

| Particulars | | | | ₹ in million |
|---|---|---|---|---|
| | **As at March 31, 2023** | | As at March 31, 2022 | |
| Securities premium account | | | | 567 |
| Opening balance | **567** | | 567 | |
| Add: Addition on account of issue of shares | **2,376** | | - | |
| Closing balance | | **2,943** | | 567 |
| Capital Reserve | | **53** | | 53 |
| Hedging Reserve (refer note 26) | | | | |
| Opening balance | **5** | | 7 | |
| (Less): change in fair value of forward contracts (net) | **(3)** | | (2) | |
| Closing balance | | **2** | | 5 |
| Foreign Currency Translation Reserve | | | | |
| Opening balance | **(87)** | | (32) | |
| Add: Foreign currency translation differcence | **142** | | (55) | |
| Less: Foreign currency translation on subsidiary sold | | | | |
| Closing balance | | **55** | | (87) |
| Share options outstanding account | | | | |
| Opening balance | **9** | | - | |
| Add/(less): amortised amount of stock compensation cost (net) | **0** | | 9 | |
| Less: Transfer to non- controlling interest | **-** | | (0) | |
| Closing balance | | **9** | | 9 |
| Surplus in the statement of profit and loss | | | | |
| Opening balance | **6,658** | | 6,525 | |
| Add: Profit for the period/year | **638** | | 572 | |
| (Less): Other comprehensive loss | **(15)** | | (2) | |
| Less: Dividend * | **-** | | (437) | |
| Closing balance | | **7,281** | | 6,658 |
| Statutory Reserve# | | **0** | | 0 |
| **Total** | | **10,343** | | 7,205 |

#In accordance with the Memorandum and Articles of Association, Comviva Technologies FZ LLC, has established a statutory reserve by appropriation of 10% of net profit for each year until the reserve equals 50% of the share capital. This reserve is not available for distribution, except in the circumstances stipulated by the Memorandum and Articles of Association. No further transfer is required as the reserve is equal to 50% of share capital as at December 31, 2022.

*Interim dividend of ₹ 20 per equity share was paid during the year ended 31st March, 2022.

**Note 14 -Borrowings :**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Secured: | | |
| From bank* | - | 12 |
| From related party (refer note 26) | - | 1,516 |
| **Total** | **-** | 1,528 |

**Note 15 -Provisions :**

**(i) Non current provisions**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Provision for employee benefits | | |
| - Gratuity | **247** | 201 |
| - Compensated absences | **92** | 64 |
| - Other employee benefit obligations | **100** | 35 |
| **Total** | **439** | 300 |

**(ii) Current provisions**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Provision for employee benefits | **134** | |
| - Gratuity | **46** | 37 |
| - Compensated absences | **88** | 74 |
| - Other employee benefit obligations | **60** | 20 |
| | **194** | 131 |
| Provision for warranties | **8** | 8 |
| **Total** | **202** | 139 |

**Note 16 - Other liabilities :**

**(i) Non-current liabilities**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Unearned revenue | **1** | 0 |
| **Total** | **1** | 0 |

**(ii) Current liabilities**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Unearned revenue | **43** | 36 |
| Statutory remittances | **171** | 146 |
| Advance from customers | **242** | 161 |
| **Total** | **456** | 343 |

**Note 17 - Trade payables :**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Creditors for supplies / services | **3,473** | 1,782 |
| **Total** | **3,473** | 1,782 |

**Trade Payables ageing schedule as on March 31, 2023**

| **Particulars** | **Outstanding for following periods from due date of payments** | | | | | |
|---|---|---|---|---|---|---|
| | **Not Due** | **Less than 1 year** | **1-2 yrs.** | **2-3 yrs.** | **More than 3 years** | **Total** |
| Undisputed MSME | 13 | 35 | 2 | 0 | 0 | 50 |
| Undisputed Others | 19 | 968 | - | - | 3 | 990 |
| Disputed dues- MSME | - | - | - | - | - | - |
| Disputed dues- Others | - | - | - | - | - | - |
| | | | | | | 1,040 |
| Add: Accrued expenses | | | | | | 2,433 |
| **Total trade payables** | | | | | | 3,473 |

**Trade Payables ageing schedule as on March 31, 2022**

| **Particulars** | **Outstanding for following periods from due date of payments** | | | | | |
|---|---|---|---|---|---|---|
| | **Not Due** | **Less than 1 year** | **1-2 yrs.** | **2-3 yrs.** | **More than 3 years** | **Total** |
| Undisputed MSME | 4 | 16 | - | - | - | 20 |
| Undisputed Others | 48 | 97 | - | 3 | 1 | 149 |
| Disputed dues- MSME | - | - | - | - | - | - |
| Disputed dues- Others | - | - | - | - | - | - |
| | | | | | | 169 |
| Add: Accrued expenses | | | | | | 1,613 |
| **Total trade payables** | | | | | | 1,782 |

**Note 18 - Other Financials liabilities:**

**Other Financial Liabilities : Current**

₹ in million

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Derivative financial liabilities | **11** | - |
| Payables on purchase of property, plant and equipment | **4** | 58 |
| Interest accrued | **-** | - |
| Accrued salary and benefits | **408** | 442 |
| **Total** | **423** | 500 |

**Note 19 - Revenue from continuiung operations :**

₹ in million

| **Particulars** | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Licence Fee with Implementation and other services | **8,467** | 4,430 |
| Revenue sharing arrangements | **1,788** | 1,587 |
| Annual maintenance contract services | **1,515** | 1,781 |
| | **11,770** | 7,799 |
| Income from sale of equipments and software | **680** | 396 |
| **Total** | **12,450** | 8,194 |

**Note 20 - Other income :**

₹ in million

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Interest income | 25 | 16 |
| Profit on sale of investment in mutual funds and bonds | 18 | 47 |
| (Loss)/gain due to fair valuation changes on financial assets | 1 | (4) |
| Profit on sale of subsidiary | - | 2 |
| Foreign Exchange gain (net) | - | 127 |
| Profit on sale of property, plant and equipment | 8 | 1 |
| Sundry Balances written back | - | 39 |
| Income from Sublease | 14 | 10 |
| Miscellaneous Income | 2 | 15 |
| **Total** | **68** | 253 |

**Note 21 - Employee benefits expense :**

₹ in million

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Salaries, wages and bonus | 3,594 | 2,935 |
| Contribution to provident fund and other funds | 291 | 239 |
| Gratuity expense | 49 | 46 |
| Staff Welfare Expenses | 83 | 55 |
| Share based payment expense | 0 | 8 |
| **Total** | **4,017** | 3,283 |

**Note 22- Finance costs :**

₹ in million

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Interest expense on bank overdraft and others | 30 | 10 |
| Interest expense on lease liability | 16 | 20 |
| **Total** | **46** | 30 |

**Note 23 - Operating and other expense:**

| Particulars | | | | ₹ in million |
|---|---|---|---|---|
| | | **As at March 31, 2023** | | As at March 31, 2022 |
| Cost of hardware equipment, softwares and other items | | **2,044** | | 873 |
| Royalty and software charges | | 365 | | 428 |
| Travelling and conveyance | | 280 | | 58 |
| Freight and forwarding charges | | 19 | | 9 |
| Recruitment Expenses | | 82 | | 23 |
| Power and fuel | | 28 | | 25 |
| Rent | | 12 | | 23 |
| Rates and taxes | | 14 | | 83 |
| Insurance | | 71 | | 56 |
| Repairs and maintenance | | 378 | | 261 |
| Advertising and sales promotion | | 119 | | 102 |
| Communication costs | | 34 | | 32 |
| Corporate Social Responsibility | | 36 | | 34 |
| Legal and professional fees | | 199 | | 159 |
| Conference expenses | | 40 | | 16 |
| General office expenses | | 24 | | 6 |
| Provision for doubtful debts (net) | | | | |
| - Bad debts | 154 | | 344 | |
| - Provision for bad debts | 43 | 197 | 39 | 383 |
| Exchange gain/loss (net) | | 15 | | |
| Exchange loss (net) | | - | | |
| Miscellaneous expenses | | 41 | | 21 |
| **Total** | | 3,998 | | 2,592 |

**24. Details of employee benefits as required by the IND AS-19 – Employee Benefits are as under:**

**a) Defined Contribution Plan**

The Company makes contributions to Provident Fund which is defined contribution plan for qualifying employees. Under this Scheme, the Company contributes a specified percentage of the payroll costs to the fund. Amounts recognised as an expense in the Statement of Profit and Loss in respect of defined contribution plan is ₹ 136 million (year ended march 31, 2022: ₹ 239 million).

**b) Defined Benefit Plan - Gratuity**

In accordance with the Payment of Gratuity Act, 1972, applicable for Indian companies, the Company operates a scheme of gratuity which is a defined benefit plan. The gratuity plan is partially funded.

**I] Changes in Defined Benefit Obligation ('DBO') and Trust Fund plan assets recognized in the Balance Sheet are as under:**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Defined Benefit Obligation as at the beginning of the year | **239** | 195 |
| Current Service Cost | **37** | 37 |
| Interest cost | **12** | 9 |
| Benefits Paid | **(36)** | (42) |
| Acquisition (gain)/loss | **20** | - |
| Actuarial (gain)/loss - experience | **24** | 35 |
| Actuarial (gain)/loss - demographic assumptions | **-** | - |
| Actuarial (gain)/loss - financial assumptions | **(3)** | 5 |
| **Defined Benefit Obligation as at the end of the year** | **293** | 239 |

**II] Change in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows :**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Fair value of plan assets at the beginning of the year | **2** | 1 |
| Interest income on plan assets | **0** | 0 |
| Contributions by employer | **-** | - |
| Benefits Paid | **-** | - |
| Remeasurement- Return on plan assets excluding amount included in interest income | **0** | 0 |
| **Fair value of plan assets at end of the year** | **2** | 1 |

**III] Net defined benefit Asset/(Liability)**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Defined benefit obligation | **293** | 239 |
| Fair value of plan assets | **(2)** | (1) |
| Net defined benefit obligation disclosed as: | **291** | 238 |
| - Current provisions | **46** | 37 |
| - Non current provisions | **245** | 201 |

As at March 31, 2023 and March 31, 2022 plan assets were primarily invested in insurer managed funds

**IV] Components of employer expenses recognised in the Statement of Profit and Loss:**

₹ in million

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Current Service Cost | **37** | 37 |
| Interest cost on Defined Benefit Obligation | **12** | 9 |
| Expected return on plan assets | **(0)** | (0) |
| **Total expense recognised in the Statement of Profit & Loss (Refer note 21)** | **49** | 46 |

**V] Components of employer expenses recognised in the other comprehensive income:**

₹ in million

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Actuarial (gain)/loss due to defined benefit obligation experience | **(24)** | (35) |
| Actuarial (gain)/loss - demographic assumptions | | - |
| Actuarial (gain)/loss due to defined benefit obligation assumption changes | **3** | (5) |
| Remeasurement- Return on plan assets excluding amount included in interest income | **0** | 0 |
| **Net (gain)/loss recognised in Other Comprehensive Income** | **(21)** | (40) |

**VI] Assumptions**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Discount Rate | **7.10%** | 6.30% |
| Salary Escalation Rate | **7.50%** | 7.00% |
| Mortality Rate | **Indian Assured Lives Mortality (2006-08) Ult.** | Indian Assured Lives Mortality (2006-08) Ult. |
| Employee separation Rate | **17.00%** | 17.00% |

a) Discount rate : It is based upon the market yields available on Government Bonds at the accounting date with a term that matches that of the obligation.

b) Salary Escalation Rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

c) Employee separation Rate: The assumption of Employee separation rate represents the company's expectation of employee turnover.

**VII] Sensitivity analysis**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **A: Discount rate** | | |
| 1. Effect on DBO due to 0.5% increase in discount rate | **(6)** | (5) |
| 2. Effect on DBO due to 0.5% decrease in discount rate | **6** | 5 |
| **B: Salary Escalation Rate** | | |
| 1. Effect on DBO due to 0.5% increase in Salary escalation rate | **7** | 4 |
| 2. Effect on DBO due to 0.5% decrease in Salary escalation rate | **(6)** | (4) |
| **C: Withdrawal Rate** | | |
| 1. Effect on DBO due to 5% increase in withdrawal rate | **(5)** | (3) |
| 2. Effect on DBO due to 5% decrease in withdrawal rate | **6** | 3 |

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

**Method used for sensitivity analysis:** The sensitivity results above determine their individual impact on the Plan's end of year Defined Benefit Obligation. In reality, the Plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar or opposite directions, while the Plan's sensitivity to such changes can vary over time.

**VIII] Expected benefit payments for the period ended**

₹ in million

| Payout in the next | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| 1 year | **50** | 41 |
| 1-2 years | **45** | 32 |
| 2-3 years | **43** | 35 |
| 3-4 years | **46** | 33 |
| 4-5 years | **63** | 36 |
| 5 years and beyond | **263** | 168 |

**IX] Plan asset information:**

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Schemes of insurance - conventional products | **100%** | 100% |

**X] Description of Plan characteristics and associated risks-**

The Gratuity scheme is a final salary Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The Plan design means the risks commonly affecting the liabilities and the financial results are expected to be:

1. Interest rate risk

2. Salary Inflation risk

3. Demographic risk

**XI] Description of Funding arrangements and policies-**

The Gratuity scheme of the company is partially funded by way of a separate irrevocable Trust and the company is expected to make regular contributions to the Trust. The fund is managed internally by the company and assets are invested in insurance funded arrangements.

**25. Disclosure as per IND AS 116-Leases**

Amounts recognised in statements of cash flows:

₹ in million

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Cash outflow for leases | **119** | 103 |
| Total | **119** | 103 |

**26. Segment Information**

**a) Business segments:**

The company is engaged in the business of mobility solutions and IT services. As defined in Ind AS 108, the 'Chief Operating Decision Maker' (CODM) considers entire business as single operating segment. The company's operating divisions are managed from India. There are four customers who account for more than 10% of the company's revenue individually.

**b) Geographical segments:**

The geographical information analyses the company's revenue by the company's country of domicile (i.e. India) and outside India (i.e. Rest of world) presenting geographical information, segment revenue has been on the geographic location of customers.

| Particulars | For the year ended March 31, 2023 | | |
|---|---|---|---|
| | **India** | **Rest of the world** | **Total** |
| Revenue from operations | 1,318 | 11,488 | 12,806 |

| Particulars | For the year ended March 31, 2022 | | |
|---|---|---|---|
| | **India** | **Rest of the world** | **Total** |
| Revenue from operations | 673 | 8,088 | 8,761 |

Management believes that it is currently not practicable to bifurcate the assets based on geographies. Hence, no disclosure is provided for the same.

**27. Related Party Disclosure**

**a) Name of the related party and nature of relationship:**

| Name of the Related Party | Nature of Relationship |
|---|---|
| Mahindra and Mahindra Limited | Entity having significant influence |
| Tech Mahindra Limited | Holding company |
| **Related parties with whom transactions during the year/previous year:** | |
| PT Tech Mahindra Indonesia | Fellow subsidiary |
| Tech Mahindra Foundation | Fellow subsidiary |
| Mahindra Educational Institutions | Fellow subsidiary |
| Tech Mahindra Nigeria Limited | Fellow subsidiary |
| The CJS Solutions Group, LLC (The HCI Group) | Fellow subsidiary |
| Leadcom Integrated Solutions (L.I.S.) Ltd. | Fellow subsidiary |
| Tech Mahindra (Americas) Inc. | Fellow subsidiary |
| BORN Group Inc. | Fellow subsidiary |
| BORN Commerce Private Limited | Fellow subsidiary |
| Tech Mahindra Arabia Limited | Fellow subsidiary |
| **Key Management Personnel:** | |
| Manoranjan Mohapatra | Whole-time Director & Chief Executive Officer |
| Neeraj Jain | Chief Financial Officer |
| Parminder Singh Bakshi | Company Secretary |

## b) Transactions with Related Parties:

₹ in million

| Particulars | Transactions for the year ended March 31, 2023 Revenue/(Expense) | | | | | | | | | | | | Balance as at March 31, 2023 Assets/(Liabilities) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Sales | Interest Income / (Expense) | Loan repaid | Dividend Paid | Cost of Goods/ Service & Subcontracting cost | Reim bursement of Expenses (Net) | Donation Given | Loan received/ (repayment) from subsidiaries | Equity Shares issued | Security Premium received | Acquisition of subsidiary | Managerial Remu neration | Trade Receivable | Unbilled Revenue | Contract Asset | Trade Payables | Loans | Other current assets | Prepaid Expenses | Interest Accrued | Deferred Revenue | Advance from Customers | Accrued benefit payable |
| **Holding Company** | | | | | | | | | | | | | | | | | | | | | | | |
| Tech Mahindra Limited | 948 | - | - | - | (454) | (31) | - | - | 25 | 2,376 | (585) | - | 212 | 136 | 24 | (613) | - | - | 0 | - | (4) | (4) | - |
| **Fellow Subsidiaries** | | | | | | | | | | | | | | | | | | | | | | | |
| PT Tech Mahindra Indonesia | 36 | - | - | - | - | - | - | - | - | - | - | - | 6 | 5 | - | - | - | - | - | - | (0) | - | - |
| Tech Mahindra Foundation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Mahindra Educational Institutions | - | - | - | - | - | - | (19) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Tech Mahindra Nigeria Limited | 0 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (20) | - |
| The CJS Solutions Group, LLC (The HCI Group) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (15) | - | - | - | - | - | - | - |
| Leadcom Integrated Solutions (L.I.S.) Ltd. | - | - | - | - | (896) | - | - | - | - | - | - | - | - | - | - | (360) | - | - | - | - | - | - | - |
| Tech Mahindra (Americas) Inc. | - | (26) | (1,650) | - | - | - | - | - | - | - | - | - | - | - | - | (44) | - | - | - | - | - | - | - |
| BORN Group Inc. | 1 | - | - | - | - | - | - | - | - | - | - | - | 1 | - | - | - | - | - | - | - | - | - | - |
| BORN Commerce Private Limited | 4 | - | - | - | - | - | - | - | - | - | - | - | 4 | - | - | - | - | - | - | - | - | - | - |
| Tech Mahindra Arabia Limited | 266 | - | - | - | - | - | - | - | - | - | - | - | 16 | - | 84 | - | - | - | - | - | - | - | - |
| **Key Management Personnel*** | | | | | | | | | | | | | | | | | | | | | | | |
| Manoranjan Mohapatra | - | - | - | - | - | - | - | - | - | - | - | (33) | - | - | - | - | - | - | - | - | - | - | (10) |
| Neeraj Jain | - | - | - | - | - | - | - | - | - | - | - | (11) | - | - | - | - | - | - | - | - | - | - | (2) |
| Parminder Singh | - | - | - | - | - | - | - | - | - | - | - | (2) | - | - | - | - | - | - | - | - | - | - | (0) |

₹ in million

| Particulars | Transactions for the year ended March 31, 2022 Revenue/(Expense) | | | | | | | | | | | | Balance as at March 31, 2022 Assets/(Liabilities) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Sales | Interest Income / (Expense) | Loan repaid | Dividend Paid | Cost of Goods/ Service & Subcontracting cost | Reim bursement of Expenses (Net) | Donation Given | Loan received/ (repayment) from subsidiaries | Equity Shares issued | Security Premium received | Acquisition of subsidiary | Managerial Remu neration | Trade Receivable | Unbilled Revenue | Contract Asset | Trade Payables | Loans | Other current assets | Prepaid Expenses | Interest Accrued | Deferred Revenue | Advance from Customers | Accrued benefit payable |
| **Holding Company** | | | | | | | | | | | | | | | | | | | | | | | |
| Tech Mahindra Limited | 131 | - | | | - | (27) | - | - | | | | - | 113 | 13 | 15 | (52) | - | - | 3 | - | (9) | (3) | - |
| Fellow Subsidiaries | | | | | | | | | | | | | | | | | | | | | | | |
| PT Tech Mahindra Indonesia | 54 | - | | | - | - | - | - | | | | - | 11 | 2 | - | - | - | - | - | - | (3) | (2) | - |
| Tech Mahindra Foundation | - | - | | | - | - | (17) | - | | | | - | - | - | - | - | - | - | - | - | - | - | - |
| Mahindra Educational Institutions | - | - | | | - | - | (5) | - | | | | - | - | - | - | - | - | - | - | - | - | - | - |
| Tech Mahindra Nigeria Limited | - | 1 | | | - | - | - | - | | | | - | - | 0 | - | - | - | - | - | - | - | (21) | - |
| The CJS Solutions Group, LLC (The HCI Group) | - | - | | | - | - | - | - | | | | - | - | - | - | (14) | - | - | - | - | - | - | - |
| Leadcom Integrated Solutions (L.I.S.) Ltd. | - | - | | | (55) | - | - | - | | | | - | - | - | - | (55) | - | - | - | - | - | - | - |
| Tech Mahindra (Americas) Inc. | - | 2 | | | (13) | - | - | 1,516 | | | | - | - | - | - | (13) | (1,516) | - | - | (2) | - | - | - |
| Key Management Personnel* | | | | | | | | | | | | | | | | | | | | | | | |
| **Manoranjan Mohapatra** | - | - | | | - | - | - | - | | | | (36) | - | - | - | - | - | - | - | - | - | - | (25) |
| Neeraj Jain | - | - | | | - | - | - | - | | | | (11) | - | - | - | - | - | - | - | - | - | - | (3) |
| Parminder Singh | - | - | | | - | - | - | - | | | | (2) | - | - | - | - | - | - | - | - | - | - | (0) |

**Note:**

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

The breakup of compensation of Key management personnel is as follows:

₹ in million

| Key Managerial Personnel | Short-term employee benefits | Post-employment benefits** | Other long-term benefits** | Termination benefits | Total |
|---|---|---|---|---|---|
| Manoranjan Mohapatra | 33 | - | - | - | 33 |
| | (36) | [-] | [-] | [-] | (36) |
| Neeraj Jain | 11 | - | - | - | 11 |
| | (11) | [-] | [-] | [-] | (11) |
| Parminder Singh Bakshi | 2 | - | - | - | 2 |
| | (2) | [-] | [-] | [-] | (2) |

** Employment benefits comprising gratuity, and compensated absences are not disclosed as these are determined for the company as a whole.

Figures in brackets ‘’[ ]’’ are for year ended March 31, 2022.

# Trade payables includes creditors for capital goods.

**28 Contingent Liabilities and Commitments:**

**(i) Contingent Liabilities:**

₹ in million

| Sr. No. | Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| 1 | Bank Guarantees | **103** | 61 |
| 2 | Income tax matters (refer note I) | **2,012** | 1,613 |
| 3 | Indirect tax matters (refer note II) | **555** | 408 |
| 4 | Other claims against the company not acknowledged as debts (refer note III) | **49** | 48 |

**Note**:

**I Income Tax Matter:**

The Company has ongoing disputes with income tax authorities relating to tax treatment of certain items. The disputes relate to tax treatment of certain expenses claimed as deductions, computation and eligibility of tax incentives or allowances. The Company has contingent liability in respect of demands from direct tax authorities in India and other jurisdictions, which are being contested by the Company on appeal amounting ₹ 2,013million and ₹ 1,613 million as at March 31, 2023 and March 31, 2022 respectively. The Company periodically receives notices and inquiries from income tax authorities related to the Company's operations in the jurisdictions it operates in. The Company has evaluated these notices and inquiries and has concluded that any consequent income tax claims or demands by the income tax authorities will not succeed on ultimate resolution. The number of years that are subject to tax assessments varies depending on tax jurisdiction. The major tax jurisdictions of Comviva Technologies Limited include India and African countries. In India, tax filings from fiscal 2017 are generally subject to examination by the tax authorities. In African counties, the statute of limitation vary by state.

**II Indirect Tax Matter:**

The Company has ongoing disputes with tax authorities mainly relating to availment of input tax credit and indirect tax matters. The Company has demands amounting to ₹ 555 million and ₹ 408 million as at March 31, 2023 and March 31, 2022, respectively from various indirect tax authorities which are being contested by the Company based on the management evaluation and on the advice of tax consultants.

**III Other Claims:**

claims aggregating ₹ 49 million and ₹ 48 million as at March 31, 2023 and March 31, 2022, respectively, against the Company have not been acknowledged as debt. The amounts assessed as contingent liability do not include interest that could be claimed by counter parties.

**(ii) Commitments :**

₹ in million

| Sr. No. | Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| 1 | Estimated amount of contracts remaining to be executed on capital account and not provided for | **179** | 187 |

**29. Financial instruments**

**I] Financial instruments by category**

The carrying value and fair value of financial instruments by categories as at March 31, 2023 were as follows:

₹ in million

| Particulars | Amortised cost | Financial assets/ liabilities at fair value through profit or loss | Derivative instruments in hedging relationship | Total carrying value and Fair value* |
|---|---|---|---|---|
| **Assets:** | | | | |
| Cash and cash equivalents (refer note 9) | 2,891 | - | - | 2,891 |
| Other balances with banks (refer note 10) | 100 | - | - | 100 |
| Investment in bonds-quoted (Refer Note 7B) | | 6 | | 6 |
| Trade receivables (refer note 8(i) and 8(ii)) | 6,378 | - | - | 6,378 |
| Other financial assets (refer note 11(i) and 11(ii)) | 71 | - | - | 71 |
| **Total** | 9,440 | 6 | - | 9,446 |
| **Liabilities**: | | | | |
| Trade payables (refer note 17) | 3,473 | - | - | 3,473 |
| Borrowings (refer note 14) | - | - | - | - |
| Lease liabilities | 266 | - | - | 266 |
| Other financial liabilities (refer note 18) | 412 | - | 11 | 423 |
| **Total** | 4,151 | - | 11 | 4,162 |

The carrying value and fair value of financial instruments by categories as at March 31, 2022 were as follows:

₹ in million

| Particulars | Amortised cost | Financial assets/ liabilities at fair value through profit or loss | Derivative instruments in hedging relationship | Total carrying value and Fair value* |
|---|---|---|---|---|
| **Assets:** | | | | |
| Cash and cash equivalents (refer note 9) | 1,300 | - | - | 1,300 |
| Other balances with banks (refer note 10) | 72 | - | - | 72 |
| Investment in bonds-quoted (Refer Note 7B) | - | 954 | - | 954 |
| Investment in mutual fund (refer note 7A) | - | 12 | - | 12 |
| Trade receivables (refer note 8(i) and 8(ii)) | 5,190 | - | - | 5,190 |
| Other financial assets (refer note 11(i) and 11(ii)) | 65 | 1 | 7 | 73 |
| **Total** | 6,627 | 967 | 7 | 7,601 |
| **Liabilities:** | | | | |
| Trade payables (refer note 17) | 1,782 | - | - | 1,782 |
| Borrowings (refer note 14) | 1,528 | - | - | 1,528 |
| Lease liabilities | 265 | - | - | 265 |
| Other financial liabilities (refer note 18) | 500 | - | - | 500 |
| **Total** | 4,075 | - | - | 4,075 |

*The fair value of cash and cash equivalents, other balances with bank, trade receivables, unbilled receivables, loans, trade payables, borrowings and certain other financial assets and liabilities approximate their carrying amount largely due to the short term nature of these instruments.

**II] Fair Value Hierarchy**

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosure are required): The different levels have been defined as follows:

**Level 1** - Quoted prices (unadjusted) 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).Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosure are required):

₹ in million

| Particulars | As at March 31, 2023 | Fair value measurement As at end of the reporting period using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| Assets | | | | |
| Investments in mutual fund | - | - | - | - |
| Investment in bonds-quoted | 6 | 6 | - | - |
| Derivative financial liabilities | 11 | - | 11 | - |

₹ in million

| Particulars | As at March 31, 2022 | Fair value measurement As at end of the reporting period using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| Assets | | | | |
| Investments in mutual fund | 954 | 954 | - | - |
| Investment in bonds-quoted | 12 | 12 | - | - |
| Derivative financial liabilities | 8 | - | 8 | - |

**III] Financial Risk Management**

**Financial Risk Factors**

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures.

**(i) Market Risk**

Market risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Group's exposure to market risk is primarily on account of foreign currency exchange rate risk.

**(a) Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Euro against the respective functional currency of the Group. The Group, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange currency risk.

The Group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10% against the respective functional currency of the Group. Further the exposure as indicated below is mitigated by some of the derivative contracts entered into by the Group as disclosed in note below.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the year are as follows:

₹ in million

| Particulars | Currency | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| | EUR | **924** | 1,024 |
| Financial assets | USD | **3,885** | 2,391 |
| | Others | **910** | 1,576 |
| | EUR | **(21)** | 41 |
| Financial liabilities | USD | **(720)** | 1,283 |
| | Others | **(58)** | 200 |

**Forex sensitivity analysis:**

A reasonably possible strengthening by 10% of EUR, USD against the Indian Rupee as at March 31, 2023 and March 31, 2022 will affect the statement of profit and loss by the amounts shown below:

₹ in million

| Currency | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| EUR | **95** | 98 |
| USD | **460** | 111 |

**(b) Foreign Exchange Contracts**

The Company is exposed primarily to fluctuations in foreign currency exchange rates, credit risk and liquidity risk which may impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential effects on the financial performance of the Company.

The Company enters into foreign Exchange Forward Contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than the Indian Rupee. The counter party to the Company's foreign currency Forward Contracts is generally a bank. These contracts are entered into to hedge the foreign currency risks of certain forecasted transactions. These contracts are for a period lies between 1 day to 1 year.

The following are the principal amounts of outstanding foreign currency exchange forward entered into by the Company which have been designated as Cash Flow Hedges:

| Currency | Amount outstanding as at March 31, 2023 in foreign currency | Fair value Gain/ (loss) in ₹ |
|---|---|---|
| **In USD** | 20.00 million | 20.50 million |
| | (March 31, 2023: 20.50 mn) | (March 31, 2022: 6 mn) |
| **In Euro** | 10.00 million | 1.45 million |
| | (March 31, 2023: 1.45 mn) | (March 31, 2022: 2 mn) |

The movement in hedging reserve for derivatives designated for cash flow hedges is as follows:

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| (a) Balance at the beginning of the period | **7** | 9 |
| (b) Changes in the fair value of effective portion of derivatives - Gain/ (loss) | **-** | (32) |
| (c) Net (gain)/loss reclassified to statement of profit and loss on occurrence of hedged forecasted transactions | **(5)** | 30 |
| (d) Gain/(loss) on cash flow hedging derivatives, net (b+c) | **(5)** | (3) |
| (e) Balance at the end of the period | **2** | 7 |
| (f) Tax impact on effective portion of outstanding derivatives | **(0)** | (2) |
| (g) Balance at the end of the period, net of deferred tax (e+f) | **1** | 5 |

**(ii) Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled revenue, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Group result in material concentration of credit risk.

Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, quoted bonds issued by government and quasi government organizations with high credit ratings.

**Credit Risk Exposure**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 6,449 million, ₹ 5,262 million as at March 31, 2023, March 31, 2022 respectively, being the total of the carrying amount of trade receivables, unbilled revenue and other financial assets. In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks provided by the Group. The Group's maximum exposure in this respect is the maximum amount the Group would have to pay if the guarantee is called on. Refer Note 28(i).

**Trade receivable**

Ind AS requires expected credit losses to be measured through a loss allowance. The Group assesses at each date of statements of financial position whether a financial asset or a group of financial assets is impaired. The Group recognises lifetime expected losses for all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. Group's exposure to customers is diversified. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. Movement in the Expected credit loss allowance:

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balance at the beginning of the year | **921** | 875 |
| Provided during the year | **578** | 490 |
| Reversed/utilised during the year | **(486)** | (449) |
| Reinstatement impact | **29** | 5 |
| Balance at the end of the year | **1042** | 921 |

**(iii) Liquidity Risk**

Liquidity risk refers to the risk that the Group cannot meet its financial obligation. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2023:

₹ in million

| Particulars | Less Than 1 Year | More than 1 year | Total |
|---|---|---|---|
| Borrowings | - | - | - |
| Lease Liabilities | - | - | - |
| Trade Payables | 3,468 | 6 | 3,474 |
| Other financial liabilities | 423 | - | 423 |

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2022:

₹ in million

| Particulars | Less Than 1 Year | More than 1 year | Total |
|---|---|---|---|
| Borrowings | 1,528 | - | 1,528 |
| Lease Liabilities | 94 | 171 | 265 |
| Trade Payables | 1,782 | - | 1,782 |
| Other financial liabilities | 500 | - | 500 |

**Capital management**

The Company's objective while managing capital is to safeguard its ability to continue as a going concern (so that it is enabled to provide returns and create value for its shareholders, and benefits for other stakeholders), support business stability and growth, ensure adherence to the restrictions imposed by lenders and / or relevant laws and regulations, and maintain an optimal and efficient capital structure so as to reduce the cost of capital. However, the key objective of the Company's capital management is to, ensure that it maintains a stable capital structure with the focus on total equity, creditor and customer confidence, and ensure future development of its business activities and appropriate return to shareholders in terms of dividend payout. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements.

## 30 Basic and Diluted Earning per share

₹ in million

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Nominal value per equity share | **10** | 10 |
| Profit after tax from continuing operations | **755** | 547 |
| Profit after tax from discontinued operations | **(117)** | 25 |
| Profit for the period attributable to equity shareholders | **638** | 572 |
| | **No. of Shares** | No. of Shares |
| **Weighted average number of equity shares** | **22,693,742** | 21,869,000 |
| **Weighted average number of diluted equity shares** | **22,693,742** | 21,869,000 |
| **Earning per share from continuing operations** | | |
| Earning Per Share- Basic | **33.29** | 25.03 |
| Earning Per Share- Diluted | **33.29** | 25.03 |
| **Earning per share from discontinued operations** | | |
| Earning Per Share- Basic | **(5.15)** | 1.14 |
| Earning Per Share- Diluted | **(5.15)** | 1.14 |
| **Earning per share from continuing and discontinued operations** | | |
| Earning Per Share- Basic | **28.14** | 26.17 |
| Earning Per Share- Diluted | **28.14** | 26.17 |

## 31 Provision for warranty:

The movement in the said provision is summarized below:

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Opening Balance | **8** | 9 |
| Add: Additional provision made during the year | **8** | - |
| Less: Provision reversed during the year | **(8)** | (1) |
| **Closing balance** | **8** | 8 |

Note: Provision for warranty is estimated and made based on technical estimates of the management and is expected to be settled over the period of next year.

**32 The Group has accounted as an expense of ₹ 6 million for the year ended March 31, 2023 (year ended March 31,** 2022: ₹ 10 million) pertaining to amortised cost of stock options granted to certain employees of the group granted by Tech Mahindra Limited, its holding company. This cost is being accounted as an employee benefits expense.

**33 There are no non-wholly owned subsidiaries that have material non-controlling interests.**

**34 Allocation of goodwill by segments as at March 31, 2023 and March 31, 2022 is as follows:**

Following is the summary of changes in carrying amount of goodwill:

₹ in million

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balance at the beginning of year | **748** | 224 |
| Addition on acquisition (refer note 40) | **182** | 492 |
| Effect of foreign currency exchange differences* | **32** | 32 |
| Impairment recognised during the year | **(268)** | - |
| **Balance at the end of the year** | **694** | 748 |

* Includes impact of hyperinflation

Allocation of goodwill to cash-generating units:

In accordance with IND AS 36 “Impairment of Assets” the Group performed impairment testing of Goodwill assigned to each Cash Generating Unit (CGU) as at 31st March, 2023. The recoverable amount of CGU is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the management covering a year and over and an applicable discount rate. Goodwill has been allocated for impairment testing purposes to their underlying geographical / segmental classification.

Based on the results of the Goodwill impairment test, the estimated value in use in all CGUs except for table given below were higher than their respective carrying amount, hence impairment provision recorded during the current year is INR 268 million (31st March, 2022 - Nil). Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount.

The discount rate used to determine recoverable amount as at March 31, 2023 are as follows:

| Particulars | Mar-23 | |
|---|---|---|
| | **Discount rate** | **₹ in million** |
| VSPP-Video processing platform | 15.15% | 123 mn |
| TSLEE | 52.74%* | 145 mn |

*Discount rate is based on weighted average inflation differential and country risk premium of Argentina, Brazil, India, Netherlands and USA

Key assumptions used are as follows:

Budgeted Projections: The values assigned to the assumption reflect past experience and are consistent with the management’s plans for focusing operations in these markets. The management believes that the planned market share growth is reasonably achievable.

Price inflation: The values assigned to the key assumption are consistent with external sources of information.

## 35 Disclosures for Revenue from Contracts with Customers

### a) Disaggregation of revenue

Revenue disaggregation by nature of services is as follows:

₹ in million

| Nature of Services | For the year ended March 31, 2023 | | | For the year ended March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Continued | Discontinued | Total | Continued | Discontinued | Total |
| Licence Fee with Implementation and other services | 8,467 | 356 | 8,823 | 4,430 | 567 | 4,997 |
| Revenue sharing arrangements | 1,788 | - | 1,788 | 1,587 | | 1,587 |
| Annual maintenance contract services | 1,515 | - | 1,515 | 1,781 | | 1,781 |
| Income from sale of equipments and software (third party) | 680 | - | 680 | 396 | | 396 |
| **Total** | 12,450 | 356 | 12,806 | 8,194 | 567 | 8,761 |

Revenue disaggregation by geography is as follows:

₹ in million

| Geography | For the year ended March 31, 2023 | | | For the year ended March 31, 2022 | | |
|---|---|---|---|---|---|---|
| | Continued | Discontinued | Total | Continued | Discontinued | Total |
| India | 1,318 | - | 1,318 | 673 | - | 673 |
| Rest of world | 11,132 | 356 | 11,488 | 7,521 | 567 | 8,088 |
| **Total** | 12450 | 356 | 12,806 | 8194 | 567 | 8,761 |

**b)** The remaining performance obligations disclosure provides the aggregate amount of the transaction price yet to be recognised as of the end of the reporting period and an explanation as to when the Company expects to recognise these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation for contracts where the performance obligation is a part of a contract that has an original expected duration of one year or less or the entity has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis.

Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in scope of contracts, periodic revalidations, adjustments for revenue that has not materialized and adjustments for currency.

### c) Significant changes in the contract assets balances is as follows:

₹ in million

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Opening balance | **611** | 357 |
| Add: Revenue recognised during year | **1,075** | 519 |
| Less: Invoiced during year | **(430)** | (248) |
| Add/Less: Translation loss/(gain) | **-** | (0) |
| Add/Less: Others | **(54)** | (17) |
| Closing balance | **1,202** | 611 |

**d) Significant changes in the contract liabilities balances is as follows:**

₹ in million

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Opening balance | **36** | 45 |
| Less: Revenue recognised during the period that was included in the unearned revenue at the beginning of the year | **(36)** | (45) |
| Add: Invoiced during the period (excluding revenue recognized during the year) | **70** | 36 |
| Add/Less: Translation loss/(gain) | **-** | - |
| Closing balance | **70** | 36 |

**e) The following table provides information in respect of amount of revenue recognised in the statement of profit and loss with the contracted price showing separately each of the adjustments made to the contract price:**

| Particulars | Continued | Total |
|---|---|---|
| Contracted transaction | 12,875 | 8,777 |
| Less: Adjustment for volume discount, cash discount, upfront discount | - | - |
| Less: Adjustment for penalties / liquidated damages | (69) | (16) |
| Revenue recognized in the statement of profit and loss | 12,806 | 8,761 |

**36 Income Tax Expense**

Tax expense in the statement of profit and loss comprises:

₹ in million

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Current tax: | | |
| - Tax expense related to current period | **853** | 1,128 |
| - Tax expense related to earlier years | **-** | - |
| **Total Current tax** | **853** | 1,128 |

The tax expense for the period can be reconciled to the accounting profit as follows:

₹ in million

| Particulars | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Profit before tax | **1,128** | 1,707 |
| Enacted tax rate | **25.17%** | 25.17% |
| Income tax expense calculated at enacted tax rate | **284** | 430 |
| Effect of expenses/income that are not admissible in determining taxable profit^ | **234** | 131 |
| Effect of differential overseas tax rates | **22** | 33 |
| Effect of income taxes related to prior years | **10** | 519 |
| Effect of tax on income at different rates | **303** | 15 |
| **Tax expense recognised in profit or loss** | **853** | 1,128 |

^ includes ineligible foreign tax credit

## 37 Deferred Tax:

The following is the analysis of Deferred tax assets presented in the Balance Sheet:

₹ in million

| Particulars | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Deferred tax assets | **1,164** | 541 |
| Deferred tax liabilities | **-** | (3) |
| Deferred tax assets | **1,164** | 538 |

The tax effect of significant timing differences that has resulted in deferred tax assets are given below:

₹ in million

| **Particulars** | **For the year ended March 31, 2023** | | | | | |
|---|---|---|---|---|---|---|
| | **Opening balance** | **Recognised in Profit and loss** | **Recognised in OCI** | **Exchange rate difference** | **Acquired in acquisition** | **Closing balance** |
| Provision for Employee benefits | 159 | 20 | 5 | 4 | | 188 |
| Provision for doubtful trade receivables and inventory | 227 | 47 | | 9 | - | 283 |
| Brought forward business losses | 92 | 79 | | 9 | 193 | 372 |
| Property, Plant & Equipment and Intangible assets | (1) | (7) | | (1) | - | (9) |
| MAT credit entitlement | - | | | | - | - |
| Others | 63 | 201 | | 39 | - | 303 |
| Changes in fair value of derivatives designated as hedges | (2) | 22 | 1 | 4 | - | 25 |
| **Deferred Tax Assets** | 538 | 362 | 6 | 64 | 193 | 1,162 |

₹ in million

| Particulars | For the year ended March 31, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Opening balance | Recognised in Profit and loss | Recognised in OCI | Exchange rate difference | Acquired in acquisition | Closing balance |
| Provision for Employee benefits | 191 | (42) | 10 | - | - | 159 |
| Provision for doubtful trade receivables and inventory | 212 | 18 | - | (3) | - | 227 |
| Brought forward business losses | 67 | 28 | - | (3) | - | 92 |
| Property, Plant & Equipment and Intangible assets | (18) | 16 | - | 2 | - | (1) |
| MAT credit entitlement | - | - | - | - | - | - |
| Others | 89 | (26) | - | - | - | 63 |
| Changes in fair value of derivatives designated as hedges | (2) | (1) | 1 | - | - | (2) |
| **Deferred Tax Assets** | 539 | (7) | 11 | (2) | - | 538 |

**38 Disclosure for Hyperinflation adjustments as per Ind AS 29:**

For the calculation of the hyperinflation adjustment of Subsidiary Company with functional Argentine Peso, the company uses the index calculated by the Argentine Federation of Professional Councils of Economic Sciences resulting from combining the National Consumer Price Index (“CPI”) published by the National Institute of Statistics and Censuses of the Argentine Republic (“INDEC”) with the IPIM.

| Month | Index | Coefficient |
|---|---|---|
| Apr-22 | 717 | 0.526 |
| May-22 | 753 | 0.552 |
| Jun-22 | 793 | 0.582 |
| Jul-22 | 852 | 0.625 |
| Aug-22 | 911 | 0.668 |
| Sep-22 | 967 | 0.709 |
| Oct-22 | 1029 | 0.754 |
| Nov-22 | 1079 | 0.792 |
| Dec-22 | 1135 | 0.832 |
| Jan-23 | 1203 | 0.882 |
| Feb-23 | 1283 | 0.941 |
| Mar-23 | 1364 | 1.000 |

The effect of inflation on the Company's net monetary position in the consolidated income statements for the year ended March 31, 2023 were as follows:

₹ in million

| Particulars | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Increase in Assets | **7** | 4 |
| (Increase)/Decrease in Liabilities | **-** | - |
| (Increase)/decrease in components of Equity | **(47)** | 24 |
| Non monetary position impact income | **(40)** | 28 |

**39 Employee Stock Option Scheme**

**I. ESOP 2021 scheme**

The company has a two different share based employee benefit program i.e. 2020 Employee stock options plan – ESOP scheme 1 and ESOP scheme 2 in its subsidiary 'YABX India Private Limited' that allows employees to acquire shares of the Company subject to vesting and performance conditions. A share option scheme for employees was approved on 15th September 2020 by the shareholders of the Company under which the employees of the Company were granted stock options that vest in a granted manner over a period of 3 years. An exercise price of INR 10 was fixed for this purpose.

These schemes have been awarded during the period ended 31 March 2022, whose details are given as under:-

| Particulars | ESOP scheme 1 | ESOP scheme 2 |
|---|---|---|
| Maximum number of options granted under the plan | 4,279,765 | 1,775,000 |
| Method of settlement | Equity settled plans | Equity settled plans |
| Vesting period | 3 years | 1 years |
| Vesting conditions | Service period and performance based conditions | Service period |

The vesting percentage basis period, of above schemes are as follows:-

| Particulars | ESOP scheme 1 | ESOP scheme 2 |
|---|---|---|
| With in 1 year | 20% | 100% |
| 1 to 2 years | 40% | - |
| 2 to 3 years | 40% | - |

Movement in respect of stock options granted to employees of the Company during the year and outstanding as at the year end is set out below:

**ESOP scheme 1:-**

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | No. of options | Weighted average exercise price | No. of options | Weighted average exercise price |
| Outstanding at beginning of the year | 3,484,764 | - | 3,301,925 | - |
| Options granted during the year | 466,204 | 10 | 977,840 | 10 |
| Exercised during the year | 13,461 | - | 13,831 | - |
| Forfeited/lapsed during the year | 144,726 | - | 534,397 | - |
| Outstanding at the end of the year | 3,792,781 | 10 | 3,731,537 | 10 |
| Vested options at the end of the year | 308,017 | | 246,773 | |
| Unvested options at the end of the year | 3,484,764 | | 3,484,764 | |

**ESOP scheme 2:-**

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | No. of options | Weighted average exercise price | No. of options | Weighted average exercise price |
| Outstanding at beginning of the year | 1,775,000 | - | 1,775,000 | - |
| Options granted during the year | - | 10 | - | 10 |
| Exercised during the year | - | - | - | - |
| Surrendered during the year | - | - | - | - |
| Forfeited during the year | - | - | - | - |
| Outstanding at the end of the year | 1,775,000 | 10 | 1,775,000 | 10 |
| Vested options at the end of the year | 1,775,000 | 10 | 1,775,000 | 10 |
| Unvested options at the end of the year | - | 10 | - | 10 |

The employee stock compensation cost for the Employee stock options plan – ESOP scheme 1 and ESOP scheme 2 has been computed by reference to the fair value of share options granted and amortized over each vesting period. For the period ended March 31, 2021, the Company has accounted for employee stock compensation cost (equity settled) amounting to ₹ 3,923,707.

| Particulars | For the year ended March 31, 2023 | | For the year ended March 31, 2022 | |
|---|---|---|---|---|
| | No. of options | Weighted average exercise price | No. of options | Weighted average exercise price |
| Fair value of options | 2.17 to 6.07 | 1.64 | 2.17 to 3.24 | 1.64 |
| Exercised price | 10 | 10 | 10 | 10 |
| Expected Volatility (%) | 65.48.% | 57.17% | 32.39% | 32.39% |
| Expected Life (in years) | 2.00 to 3.71 | 1.04 to 2.04 | 2.00 to 3.71 | 1.04 to 2.04 |
| Expected Dividend (%) | - | - | - | - |
| Risk free interest rate (%) | 4.44 to 7.17 | 3.83 to 4.44 | 4.44 to 5.14 | 3.83 to 4.44 |

**2. ESOP 2021 scheme**

The company has a two different share based employee benefit program i.e. 2021 Equity Incentive Plan – ESOP scheme 1 and ESOP scheme 2 in its subsidiary 'Comviva Technologies USA Inc.' that allows employees to acquire shares of the Company subject to vesting and performance conditions. A share option scheme for employees was approved on 1st April 2021 by the shareholders of the Company under which the employees of the Company were granted stock options that vest in a granted manner over a period of 3 years. An exercise price of USD 0.75 for ESOP scheme 1 and USD 1 for ESOP scheme 2 was fixed for this purpose.

These schemes have been awarded during the period ended 31 March 2022, whose details are given as under:-

| Particulars | ESOP scheme 1 | ESOP scheme 2 |
|---|---|---|
| Maximum number of options granted under the plan | 441,000 | 306,250 |
| Method of settlement | Equity settled plans | Equity settled plans |
| Vesting period | Upto 4 years | 1 day |
| Vesting conditions | Service period and performance based conditions | Service period |

The vesting percentage basis period, of above schemes are as follows:-

| Particulars | ESOP scheme 1 | ESOP scheme 2 |
|---|---|---|
| On same day | - | 100% |
| With in 2 year | 20% | - |
| 2 to 3 years | 40% | - |
| 3 to 4 years | 40% | - |

Movement in respect of stock options granted to employees of the Company during the year and outstanding as at the year end is set out below:

**2021 Factoreal ESOP scheme 1**

| Particulars | **As at March 31, 2023** | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **No. of options** | **Weighted average exercise price (USD)** | No. of options | Weighted average exercise price (USD) |
| Outstanding at beginning of the year | 441,000 | 1 | - | - |
| Options granted during the year | 36,750 | 0.75 | 441,000 | 0.75 |
| Exercised during the year | - | - | - | - |
| Forfeited/lapsed during the year | - | - | - | - |
| Outstanding at the end of the year | 477,750 | 0.75 | 441,000 | 0.75 |
| Unvested options at the end of the year | 477,750 | 0.75 | 441,000 | 0.75 |

**2021 Factoreal ESOP scheme 2**

| Particulars | **As at March 31, 2023** | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **No. of options** | **Weighted average exercise price (USD)** | No. of options | Weighted average exercise price (USD) |
| Outstanding at beginning of the year | 306,250 | - | - | - |
| Options granted during the year | - | 1 | 306,250 | 1 |
| Exercised during the year | - | - | - | - |
| Forfeited/lapsed during the year | - | - | - | - |
| Outstanding at the end of the year | 306,250 | 1 | 306,250 | 1 |
| Vested options at the end of the year | 306,250 | 1 | 306,250 | 1 |

The employee stock compensation cost for the Employee stock options plan – ESOP scheme 1 and ESOP scheme 2 has been computed by reference to the fair value of share options granted and amortized over each vesting period. For the period ended March 31, 2021, the Company has accounted for employee stock compensation cost (equity settled) amounting to ₹ 3,923,707.

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | ESOP scheme 1 | ESOP scheme 2 | ESOP scheme 1 | ESOP scheme 2 |
| Fair value of options (USD) | 0 to 0.63 | 0.30 | 0 to 0.63 | 0.30 |
| Exercised price (USD) | 0.75 | 1.00 | 0.75 | 1.00 |
| Expected Volatility (%) | 61.28% | 61.28% | 61.28% | 61.28% |
| Expected Life (in years) | 3 to 5 | 0.05 to 2.00 | 3 to 5 | 0.05 to 2.00 |
| Expected Dividend (%) | - | - | - | - |
| Risk free interest rate (%) | 5.04 to 5.80 | 3.83 to 4.52 | 5.04 to 5.80 | 3.83 to 4.52 |

**40 Business Combinations:**

**Details of acquisitions during the year ended March 31, 2023:**

The Company through its wholly owned subsidiary , Comviva Technologies B.V, acquired Comviva International Netherlands B.V. (Previously Dynacommerce Holding BV) for a transaction value of Eur 7 million (₹ 585 million) in January 2023, which has been paid upfront. The initial accounting for the business combination has been determined provisionally. DynaCommerce Holding BV is end-to-end, omni-channel solution for telecommunication operators, media and other companies, with a goal of simplifying digital transformation and ensuring agile digital service delivery.

| Particulars | EUR in Million | INR in Million |
|---|---|---|
| Fair value of net assets as on the date of acquisition | 5 | 403 |
| Goodwill | 2 | 181 |
| Purchase Consideration | 7 | 585 |

**41 Corporate Social Responsibilty**

a) Gross Amount required to be spent by the Company during the year is ₹ 36 million ( previous year ₹ 34 Million) (calculated at 2% of the average net profits of the Company during the three immediately preceding financial years)

b) Amount spent during the year on:

₹ in million

| Particulars | In cash | Yet to be paid in cash | Total |
|---|---|---|---|
| Construction/acquisition of any asset* | 2 | - | 2 |
| | [5] | [-] | [5] |
| On purposes other than construction/acquisition of any asset* | 35 | - | 35 |
| | [29] | [-] | [29] |

* Numbers in brackets "[ ]" pertains to previous year March 31, 2022.

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Amount required to be spent by the Company during the year | **36** | 34 |
| Amount of expenditure incurred on: | | |
| (i) Construction/acquisition of any asset | **2** | - |
| (ii) On purposes other than (i) above | **35** | 34 |
| Shortfall at the end of the year | **-** | - |
| Total of previous years shortfall | **-** | - |
| Reason for shortfall | **NA** | NA |
| Nature of CSR activities | **Environmental sustainability and promoting education** | Education and vocational activities, women empowerment and food supply |
| Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard | | |
| (i) Tech Mahindra Foundation | **-** | 17 |
| (ii) Mahindra Educational Institutions | **19** | 5 |

## 42 Discontinued Operations

In the FY 2015-16, The group has acquired the business of TSLEE with the acquisition of ATS Advanced Technology Solutions S.A. (renamed as Comviva Technologies (Argentina) S.A. after acquisition) and ATS Advanced Technology solutions do Brasil Industria,Comercio, importacao E Exportacao Ltda (renamed as Comviva Technologies Do Brasil Industria, Comércio, Importação e Exportação Ltda). The acquisition was done with the purpose of expansion in LATAM Market and also the European Market. However, due to low volume of business and continuing operational losses, the management during the current year has decided to discontinue the operations of TSLEE product and to focus on other product lines for better profit margins.

The financial performance of the discontinued operations are as follows:

₹ in million

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Revenue from operations | **356** | 567 |
| Other income (net) | **-** | - |
| **Total income** | **356** | 567 |
| **Expenses** | | |
| (a) Employee benefits expense | **454** | 347 |
| (b) Subcontracting cost | **-** | - |
| (c) Finance costs | **-** | - |
| (d) Depreciation and amortization expense | **-** | - |
| (e) Provision for impairment (Refer note 34) | **145** | |
| (f) Other expenses | **81** | 147 |
| **Total expenses** | **680** | 494 |
| **Profit/(Loss) before tax from Discontinued Operations** | **(324)** | 73 |
| **Tax expenses of Discontinued Operations** | **(207)** | 48 |
| **(Loss)/Profit after tax from Discontinued Operations** | **(117)** | **25** |

Net cash flow attributable to the operating, investing and financing activities of discontinued operations is presented below:

₹ in million

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Operating activities | **(166)** | (121) |
| **Net cash flows for the period** | **(166)** | (121) |

## 43.Additional Information as required by Schedule III of the Companies Act, 2013 of enterprises consolidated as subsidiaries

Annexure I

| Name of the entity | Net Assets, i.e., total assets minus total liabilities | | | | Share in profit or loss | | | | Share in other comprehensive income | | | | Share in total comprehensive income | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | F.Y. 2022-2023 | | F.Y. 2021-2022 | | F.Y. 2022-2023 | | F.Y. 2021-2022 | | F.Y. 2022-2023 | | F.Y. 2021-2022 | | F.Y. 2022-2023 | | F.Y. 2021-2022 | |
| | As % of consolidated Net Assets | INR Amount (In Million) | As % of consolidated Net Assets | INR Amount (In Million) | As % of consolidated Profit or Loss | INR Amount (In Million) | As % of consolidated Profit or Loss | INR Amount (In Million) | As % of consolidated other comprehensive income | INR Amount (In Million) | As % of consolidated other comprehensive income | INR Amount (In Million) | As % of consolidated total comprehensive income | INR Amount (In Million) | As % of consolidated total comprehensive income | INR Amount (In Million) |
| **Parent Company** | | | | | | | | | | | | | | | | |
| Comviva Technologies Limited | 107% | 11,340 | 114% | 8,442 | 81% | 516 | 77% | 439 | -15% | (18) | 55% | (32) | 65% | 498 | 79% | 407 |
| **Subsidiaries:** | | | | | | | | | | | | | | | | |
| **Foreign** | | | | | | | | | | | | | | | | |
| Comviva Technologies Nigeria Limited | 1% | 98 | 0% | 15 | 13% | 86 | 5% | 31 | 0% | - | 0% | - | 11% | 86 | 6% | 31 |
| Comviva Technologies Singapore PTE. Limited^^ | 0% | - | 0% | - | 0% | - | 5% | 31 | 0% | - | 0% | - | 0% | - | 6% | 31 |
| Comviva Technologies FZ-LLC | -1% | (117) | -1% | (70) | -6% | (41) | -20% | (115) | 0% | - | 0% | - | -5% | (41) | -22% | (115) |
| Comviva Technologies Netherland BV | 13% | 1,424 | 19% | 1,404 | -102% | (650) | 70% | 401 | 0% | - | 0% | - | -85% | (650) | 78% | 401 |
| Comviva Technologies (Argentina) S.A. ( formerly, ATS Advanced Technology Solutions S.A.) | 1% | 121 | 2% | 113 | -2% | (11) | 1% | 5 | 0% | - | 0% | - | -1% | (11) | 1% | 5 |
| ATS Advanced Technology solutions do Brasil Industria,Comercio, importacao E Exportacao Ltda | 0% | 50 | 0% | 24 | 4% | 27 | -2% | (9) | 0% | - | 0% | - | 4% | 27 | -2% | (9) |
| Comviva Technologies (Australia) Pty. Ltd | -1% | (152) | -1% | (106) | -8% | (49) | 2% | 9 | 0% | - | 0% | - | -6% | (49) | 2% | 9 |
| Emagine International Pty. Ltd.^ | 3% | 299 | 4% | 306 | 0% | - | -2% | (10) | 0% | - | 0% | - | 0% | - | -2% | (10) |
| Comviva Technologies Mexico, S. de R.L. de C.V.^^^ | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| Comviva Technologies Colombia S.A.S | 1% | 63 | 1% | 43 | 4% | 25 | 0% | (0) | 0% | - | 0% | - | 3% | 25 | 0% | (0) |
| Comviva Technologies Madagascar Sarlu. | 0% | (1) | 0% | 3 | 0% | (3) | -1% | (4) | 0% | - | 0% | - | 0% | (3) | -1% | (4) |
| YABX Technologies (Netherlands) BV | -1% | (87) | -1% | (81) | -13% | (80) | -12% | (67) | 0% | - | 0% | - | -11% | (80) | -13% | (67) |
| YABX India Private Limited | 1% | 90 | 1% | 72 | 3% | 19 | 2% | 14 | 0% | (0) | 1% | (0) | 2% | 19 | 3% | 14 |
| Comviva Technologies USA INC. | -1% | (157) | 0% | (31) | -19% | (121) | -9% | (52) | 0% | - | 0% | - | -16% | (121) | -10% | (52) |

Annexure I

| Name of the entity | Net Assets, i.e., total assets minus total liabilities | | | | Share in profit or loss | | | | Share in other comprehensive income | | | | Share in total comprehensive income | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | F.Y. 2022-2023 | | F.Y. 2021-2022 | | F.Y. 2022-2023 | | F.Y. 2021-2022 | | F.Y. 2022-2023 | | F.Y. 2021-2022 | | F.Y. 2022-2023 | | F.Y. 2021-2022 | |
| | As % of consolidated Net Assets | INR Amount (In Million) | As % of consolidated Net Assets | INR Amount (In Million) | As % of consolidated Profit or Loss | INR Amount (In Million) | As % of consolidated Profit or Loss | INR Amount (In Million) | As % of consolidated other comprehensive income | INR Amount (In Million) | As % of consolidated other comprehensive income | INR Amount (In Million) | As % of consolidated total comprehensive income | INR Amount (In Million) | As % of consolidated total comprehensive income | INR Amount (In Million) |
| Comviva Technologies Myanmar Limited | 0% | (24) | 0% | 3 | -4% | (27) | -7% | (42) | 0% | - | 0% | - | -4% | (27) | -8% | (42) |
| Comviva Technologies COTE D'IVOIRE | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| Comviva Technologies Americas Inc | 15% | 1,630 | 0% | 1 | -27% | (174) | 0% | 1 | 0% | - | 0% | - | -23% | (174) | 0% | 1 |
| Comviva International Netherlands B.V.^^^^ | -5% | (482) | 0% | - | -11% | (68) | 0% | - | 0% | - | | | -9% | (68) | | |
| Adjustments on consolidation | -33% | (3,509) | -37% | (2,714) | 186% | 1,190 | -11% | (60) | 114% | 142 | 45% | (27) | 175% | 1,331 | -17% | (87) |
| **Total** | **100%** | **10,586** | **100%** | **7,424** | **100%** | **638** | **100%** | **572** | **100%** | **124** | **100%** | **(59)** | **100%** | **762** | **100%** | **513** |
| **Minority interest in all subsidiaries** | 0% | 0 | 0% | 0 | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | - |
| **Total** | **100%** | **10,586** | **100%** | **7,424** | **100%** | **638** | **100%** | **572** | **100%** | **124** | **100%** | **(59)** | **100%** | **762** | **100%** | **513** |

^ The Company is in process of de-registration of this entity. The final de-registration application was filed with local authorities on 28th March 2022.

^^ Effective November 12, 2021 entire stake in Comviva Technologies Singapore Pte. Ltd. has been divested.

^^^ Liquidated with effect from March 03, 2021

^^^^Comviva International Netherlands B.V. aquired on 2nd January 2023.

**44 The Company does not have transactions with companies struck off under section 248 of the Companies Act 2013 or section 560 of Companies Act 1956.**

**45 Additonal regulatory information required required by the Schedule III of Companies Act 2013.**

a. The Company does not own any immovable property.

b. The Company does not hold any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

c. 1) The Company has not advanced or loaned or invested funds to any persons or entities, including foreign entities (Intermediaries) with the understanding that the intermediary shall:

i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

2) The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**46** Previous year's figures have been re-classified to conform to this year's classification.

**As per our report of even date attached**

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No : 101248W/W-100022

**Rahim Merchant**
Partner
Membership No.: 132907
Pune

Date: April 24, 2023

For and on behalf of the Board of Directors of
Comviva Technologies Limited

**Jagdish Mitra**
Director
Gurugram
DIN: 06445179

**Manoranjan Mohapatra**
Whole-time Director and CEO
Gurugram
DIN: 00043930

**Neeraj Jain**
Chief Financial Officer
Gurugram

**Parminder Singh Bakshi**
Company Secretary
Gurugram

Date: April 24, 2023

# COMVIVA TECHNOLOGIES MADAGASCAR SARLU

**Directors**

Ganeshmurthy Patil
Anil Kumar Krishnan
Devendra Curpen

**Registered No:**

RCS Antananarivo 2016 B 01082

**Registered Office**

Immeuble ARO Ampefiloha Escalier A 4è étage
porte A 402 - Antananarivo 101
Analamanga 101, Antananarivo Renivohitra,
Madagascar

# DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2023

The Directors submit their report together with the Management Accounts of Comviva Technologies Madagascar Sarlu. (the Company), for the year ended 31st March, 2023.

**Principal Activity**

The principal activity of the Company is to provide solutions for telecommunication and network.

**Financial results and appropriations**

The financial results of the Company for the year ended 31st March, 2023 are set out in the statement of profit or loss and other comprehensive income.

**Events after the reporting period**

There are no significant events after the reporting period.

**Shareholder and its interest**

Comviva Technologies Limited, India is the 100% shareholder of the issued share capital of the Company at the reporting date. There were no changes to the shareholding structure during the year.

**Directors**

The Directors who served during the year are as follows:

Ganeshmurthy Patil
Anil Kumar Krishnan
Devendra Curpen

On behalf of the Board of Directors,

| | | |
|---|---|---|
| **Ganeshmurthy Patil** | **Anil Kumar Krishnan** | **Devendra Curpen** |
| Director | Director | Director |

Date 8th June 2023

COMVIVA TECHNOLOGIES MADAGASCAR SARLU

# BALANCE SHEET AS AT MARCH 31, 2023

Amount in MGA

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| Non current assets | | | |
| (a) Property, Plant and Equipment | 1 | **9,038,083** | 610,000 |
| (b) Income tax assets (net) | | **74,663,190** | 43,079,594 |
| (c) Deferred tax assets | | **2,301,705** | 36,665,655 |
| Total non-current assets | | **86,002,978** | 80,355,249 |
| **Current Assets** | | | |
| (a) Financial Assets | | | |
| (i) Cash and cash equivalents | 2 | **40,146,898** | 248,061,830 |
| (ii) Others financial assets | 3 | **-** | - |
| (c) Other current assets | 4 | **49,344,228** | 10,039,005 |
| **Total current assets** | | **89,491,126** | 258,100,835 |
| **TOTAL ASSETS** | | **175,494,105** | 338,456,084 |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| (a) Equity Share capital | 5 | **64,000,000** | 64,000,000 |
| (b) Other Equity | 6 | **(101,906,252)** | 74,669,835 |
| **Liabilities** | | **(37,906,252)** | 138,669,835 |
| **Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Trade Payables | | **196,960,264** | 184,221,784 |
| (iii) Others financial liabilities | 7 | **9,267,945** | 9,829,516 |
| (b) Other current liabilities | 8 | **4,931,585** | 4,286,674 |
| (c) Provisions | 9 | **2,240,563** | 1,448,275 |
| **Total current liabilities** | 10 | **213,400,357** | 199,786,249 |
| **TOTAL EQUITY AND LIABILITIES** | | **175,494,105** | 338,456,084 |
| See accompanying notes forming part of the financial statements | 1-13 | | |

For and on behalf of Comviva Technologies Madagascar Sarlu

**Devendra Curpen**
Director & CEO

**Anil Kumar Krishnan**
Director

**Ganeshmurthy Patil**
Director

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

Amount in MGA

| Particulars | Note No. | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| **Revenue from operations** | 11 | 194,792,825 | 159,499,632 |
| Other income | | - | - |
| **Total income (I+II)** | | 194,792,825 | 159,499,632 |
| **Expenses** | | | |
| (a) Employee benefits expense | 12 | 171,012,194 | 158,906,840 |
| (b) Depreciation and amortization expense | | 1,887,617 | 1,220,000 |
| (c) Other expenses | 13 | 162,666,930 | 202,221,241 |
| **Total expenses** | | 335,566,740 | 362,348,081 |
| **Profit/(loss) before tax** | | (140,773,916) | (202,848,450) |
| Tax expenses | | | |
| (a) Current tax | | 1,438,223 | 19,378,900 |
| (b) Deferred tax | | 34,363,949 | (36,665,654) |
| | | 35,802,172 | (17,286,755) |
| **Profit/(loss) after tax** | | (176,576,087) | (185,561,695) |
| See accompanying notes forming part of the financial statements | 1-13 | | |

For and on behalf of Comviva Technologies Madagascar Sarlu

**Devendra Curpen**
Director & CEO

**Anil Kumar Krishnan**
Director

**Ganeshmurthy Patil**
Director

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**Note 1 - Property, Plant and Equipment**

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1st April, 2022 | Additions during the year | Disposals during the year | As at March 31, 2023 | As at 1st April, 2022 | During the year | On disposal during the year | As at March 31, 2023 | As at March 31, 2023 | As at March 31, 2022 |
| | | | | - | - | | | | | |
| Computers | 6,610,000 | 10,315,700 | - | -16,925,700 | -6,000,000 | 1,887,617 | - | 7,887,617 | 9,038,083 | 610,000 |
| Total | 6,610,000 | 10,315,700 | - | 16,925,700 | 6,000,000 | 1,887,617 | - | 7,887,617 | 9,038,083 | 610,000 |

**Note 2 - Cash and cash equivalents**

Amount in MGA

| Particulars | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Balances with banks: | | |
| - In current accounts | **40,146,898** | 248,061,830 |
| **Total** | **40,146,898** | 248,061,830 |

**Note 3 - Other Financial assets :**

Amount in MGA

| Particulars | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Dues from related party (net ) | **-** | **-** |
| **Total** | **-** | **-** |

**Note 4 - Other Current assets :**

Amount in MGA

| Particulars | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Capital Advances | **-** | - |
| Statutory remittances | **36,892,968** | 10,039,005 |
| Other Loans and Advances | **12,451,260** | - |
| **Total** | **49,344,228** | **10,039,005** |

**Note 5 -Equity Share capital :**

Amount in MGA

| | **As at March 31, 2023** | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **Number** | **Amount in MGA** | Number | Amount in MGA |
| Equity shares of MGA 20,000 each fully paid up | **3,200** | **64,000,000** | 3,200 | 64,000,000 |
| **Total** | **3,200** | **64,000,000** | 3,200 | 64,000,000 |

**Note 6- Other Equity :**

Amount in MGA

| | **As at March 31, 2023** | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **Number** | **Amount in MGA** | Number | Amount in MGA |
| Surplus in the statement of profit and loss | | | | |
| Opening balance | **74,669,835** | | 1,104,675,984 | |
| Add: Profit/(loss) for the year | **(176,576,087)** | | (185,561,695) | |
| Less: Dividend to holding company | | | (844,444,454) | |
| Closing balance | | **(101,906,252)** | | 74,669,835 |
| **Total** | | **(101,906,252)** | | 74,669,835 |

**Note 7 - Trade payables :**

Amount in MGA

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade Payable | **196,960,264** | 184,221,784 |
| **Total** | **196,960,264** | **184,221,784** |

**Note 8 - Other financial liabilities :**

Amount in MGA

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Accrued Salaries and Benefits | **9,267,945** | 9,829,516 |
| **Total** | **9,267,945** | **9,829,516** |

**Note 9 - Other Current liabilities :**

Amount in MGA

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Statutory remittances | **4,931,585** | 4,286,674 |
| **Total** | **4,931,585** | **4,286,674** |

**Note 10 -Provisions :**

Amount in MGA

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Provision for employee benefits | **2,240,563** | 1,448,275 |
| - Compensated absences | **2,240,563** | 1,448,275 |
| **Total** | **2,240,563** | **1,448,275** |

**Note 11 - Revenue from operations :**

Amount in MGA

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Revenue | **194,792,825** | 159,499,632 |
| **Total** | **194,792,825** | **159,499,632** |

**Note 12 - Employee benefits expense :**

Amount in MGA

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Salaries, wages and bonus | **166,257,245** | 155,068,256 |
| Contribution to provident and other funds | **4,754,949** | 3,838,584 |
| **Total** | **171,012,194** | **158,906,840** |

**Note 13 - Operating and other expense:**

Amount in MGA

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Exchange loss (net) | **26,425,903** | 10,706,310 |
| Rates and taxes | **252,880** | - |
| Insurance | **24,874,163** | 23,745,596 |
| Communication costs | **2,079,000.00** | - |
| Legal and professional fees | **86,835,474** | 160,829,465 |
| Miscellaneous expenses | **22,199,509** | 6,939,871 |
| **Total** | **162,666,930** | **202,221,241** |

# YABX TECHNOLOGIES (NETHERLANDS) BV

**Managing Directors:**
Sandeep Phadke
Gaurav Satish Godbole

**Registered No:**
71797882

**Registered Office:**
Maanplein 20, Building 8, 2516 CK The
Hague, The Netherlands

# DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2023

The Directors submit their report together with the Management Statements of Yabx Technologies (Netherlands) BV ("The Company"), for the year ended 31st March, 2023.

**Principal Activity**

The principal activity of the Company is to provide solutions for telecommunication and network.

**Financial results and appropriations**

The financial results of the Company for the year ended 31st March, 2023 are set out in the statement of profit or loss and other comprehensive income.

**Events after the reporting period**

There are no significant events after the reporting period.

**Shareholder and its interest**

Comviva Technologies Limited, India is the 100% shareholder of the issued share capital of the Company at the reporting date. There were no changes to the shareholding structure during the year.

**Directors**

The Directors who served during the year are as follows:

Sandeep Phadke

Gaurav Satish Godbole

On behalf of the Board of Directors,

| | |
|---|---|
| **Gaurav Satish Godbole** | **Sandeep Phadke** |
| Director | Director |

Date 31st May 2023

YABX TECHNOLOGIES (NETHERLANDS) BV

# BALANCE SHEET AS AT MARCH 31, 2023

Amount in USD

| Particulars | | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| I | **Assets** | | | |
| A | **Non current assets** | | | |
| | (a) Intangible assets | 1 | **-** | 34,375 |
| | (b) Capital work-in-progress | | **360,654** | 113,688 |
| | (c) Deferred tax assets | | **679,672** | 306,783 |
| | **Total non-current assets** | | **1,040,326** | 454,846 |
| B | **Current Assets** | | | |
| | (a) Financial Assets | | | |
| | (i) Trade receivables | 2 | | |
| | Billed | | **592,919** | 194,944 |
| | Unbilled | | **410,702** | 78,284 |
| | (ii) Cash and cash equivalents | 3 | **1,003,326** | 104,037 |
| | (c) Other current assets | 4 | **31,393** | 10,720 |
| | **Total current assets** | | **2,038,341** | 387,984 |
| | **TOTAL ASSETS** | | **3,078,668** | 842,830 |
| II | **Equity and Liabilities** | | | |
| A | **Equity** | | | |
| | (a) Equity Share capital | | **-** | - |
| | (b) Other Equity | 5 | **(1,055,007)** | (1,062,407) |
| | | | **(1,055,007)** | (1,062,407) |
| III | **Liabilities** | | | |
| A | **Non Current Liabilities** | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 6 | **452,349** | 405,684 |
| | **Total non-current liabilities** | | **452,349** | 405,684 |
| B | **Current Liabilities** | | | |
| | (a) Financial Liabilities | | | |
| | (i) Trade Payables | 7 | **3,498,211** | 1,388,394 |
| | (ii) Others financial liabilities | 8 | **167,116** | 111,161 |
| | (b) Other current liabilities | | **16,000** | - |
| | **Total current liabilities** | | **3,681,326** | 1,499,553 |
| | **TOTAL EQUITY AND LIABILITIES** | | **3,078,668** | 842,830 |
| IV | **See accompanying notes forming part of the financial statements** | 1-11 | | |

**For and on behalf of YABX Technology (Netherlands) BV**

**Sandeep Phadke**
**Director**

**Gaurav Satish Godbole**
**Director**

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

Amount in USD

| | Particulars | Note No. | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|
| I. | Revenue from operations | 9 | **858,113** | 291,015 |
| II. | Other income | 10 | **-** | 9,602 |
| **III.** | **Total income (I+II)** | | **858,113** | 300,617 |
| **IV.** | **Expenses** | | | |
| | (a) Employee benefits expense | | | - |
| | (b) Subcontracting cost | | **1,986,496** | 1,349,970 |
| | (c) Finance costs | | **34,104** | 10,277 |
| | (d) Depreciation and Amortization expense | 1 | **148,063** | 37,500 |
| | (e) Other expenses | 11 | **54,681** | 85,551 |
| | **Total expenses** | | **2,223,344** | 1,483,298 |
| **V.** | **(Loss)/Profit before tax** | | **(1,365,231)** | (1,182,681) |
| **VI.** | **Tax expenses** | | | |
| | (a) Current tax | | | - |
| | (b) Deferred tax | | **(372,889)** | (280,672) |
| | | | **(372,889)** | (280,672) |
| **VII.** | **(Loss)/Profit after tax** | | **(992,342)** | (902,009) |
| **VIII.** | **See accompanying notes forming part of the financial statements** | 1-11 | | |

**For and on behalf of YABX Technology (Netherlands) BV**

**Sandeep Phadke**
**Director**

**Gaurav Satish Godbole**
**Director**

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## Note 1 - Intangible assets

Amount in USD

| Particulars | Gross Block | | | | Accumulated Depreciation / Amortization | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at March 31, 2022 | Additions during the year | Disposals during the year | As at March 31, 2023 | As at March 31, 2022 | For the year | On disposal for the year | As at March 31, 2023 | As at March 31, 2023 | As at March 31, 2022 |
| Computer software | 94,500 | - | - | **94,500** | 94,500 | - | - | **94,500** | **-** | - |
| Intellectual Property Rights | 150,000 | - | - | **150,000** | 115,625 | 34,375 | - | **150,000** | **-** | 34,375 |
| **Total** | 244,500 | - | - | **244,500** | 210,125 | 34,375 | - | **244,500** | **-** | 34,375 |

**Note 2 - Trade receivables :**

Amount in USD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Considered good – Unsecured | **592,919** | 194,944 |
| Less: Allowance for doubtful trade receivables | **-** | - |
| | **592,919** | 194,944 |
| Trade receivables -Billed (A) | **592,919** | 194,944 |
| Trade receivables -Unbilled (B) | **410,702** | 78,284 |
| **Total** | **1,003,621** | 273,227 |

**Note 3 - Cash and cash equivalents :**

Amount in USD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balances with banks: | | |
| - In current accounts | **1,003,326** | 104,037 |
| **Total** | **1,003,326** | 104,037 |

**Note 4 - Other current assets**

Amount in USD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balance with Government authorities | **31,393** | 10,720 |
| **Total** | **31,393** | 10,720 |

**Note 5 - Other Equity :**

Amount in USD

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| Share Application Money Pending Allotment | **999,742** | | | |
| | | **999,742** | | - |
| Surplus in the statement of profit and loss | | | | |
| Opening balance | **(1,062,407)** | | (160,398) | |
| Add: (Loss)/profit for the year | **(992,342)** | | (902,009) | |
| Closing balance | | **(2,054,749)** | | (1,062,407) |
| **Total** | | **(1,055,007)** | | (1,062,407) |

**Note 6 -Borrowings :**

Amount in USD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Loan from related party | **452,349** | 405,684 |
| **Total** | **452,349** | 405,684 |

**Note 7 - Trade payables :**

Amount in USD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Creditors for supplies / services | **3,498,211** | 1,388,394 |
| **Total** | **3,498,211** | 1,388,394 |

**Note 8 - Others financial liabilities**

Amount in USD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Dues from Subsidiary | **167,116** | 111,161 |
| **Total** | **167,116** | 111,161 |

**Note 9 - Revenue from operations :**

Amount in USD

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Revenue from operation | **858,113** | 291,015 |
| **Total** | **858,113** | 291,015 |

**Note 10 - Other income :**

Amount in USD

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Exchange gain/(loss) (net) | **-** | 9,602 |
| **Total** | **-** | 9,602 |

**Note 11 - Operating and other expense:**

Amount in USD

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Cost of hardware equipment and other items sold | **11,147** | 11,152 |
| Repairs and maintenance | **19,021** | 40,255 |
| Rates and taxes | **-** | - |
| Legal and professional fees | **9,080** | 32,086 |
| Exchange Loss | **6,151.99** | - |
| Miscellaneous expenses | **9,280** | 2,058 |
| **Total** | **54,681** | 85,551 |

# COMVIVA TECHNOLOGIES FZ-LLC

**Directors:**

Manoranjan Mohapatra
Deshbandhu Rameshkumar Bansal
Rishi Partab Ramphal

**Registered No:**

20773

**Registered Office:**

Premises: 1401 & 1408-1409 Floor: 14, PO Box 500583
Building: Al Shatha Tower Dubai, United Arab Emirates

# DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2023

The Directors submit their report together with the audited financials of Comviva Technologies FZ-LLC ("The Company"), for the year ended 31st March, 2023.

**Principal Activity**

The principal activity of the Company is to provide solutions for telecommunication and network.

**Financial results and appropriations**

The financial results of the Company for the year ended 31st March, 2023 are set out in the statement of profit or loss and other comprehensive income.

**Events after the reporting period**

There are no significant events after the reporting period.

**Shareholder and its interest**

Comviva Technologies Limited, India is the 100% shareholder of the issued share capital of the Company at the reporting date. There were no changes to the shareholding structure during the year.

**Directors**

The Directors who served during the year are as follows:

1. Manoranjan Mohapatra
2. Deshbandhu Rameshkumar Bansal
3. Rishi Partab Ramphal

**Auditors**

The financial statements have been audited by Kreston Menon Chartered Accountants, who retire and, being eligible, offer themselves for reappointment.

**On behalf of the Board of Directors,**

| | |
|---|---|
| **Manoranjan Mohapatra** | **Deshbandhu Rameshkumar Bansal** |
| **Director** | **Director** |

19th April, 2023

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF COMVIVA TECHNOLOGIES FZ-LLC

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Comviva Technologies FZ-LLC, Dubai Internet City, Dubai – U.A.E. ('the Company'), which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity (deficit) and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on Other Legal and Regulatory Requirements**

We further report that the financial statements comply with the provisions of the Dubai Creative Clusters Private Companies Regulations of 2016.

Raju Menon
Reg. No : 271
**Kreston Menon Chartered Accountants**

Dubai
19 April 2023

# STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

| **Assets** | **Note** | **31.03.2023 AED** | **31.03.2022 AED** |
|---|---|---|---|
| **Non-current assets** | | | |
| Property and equipment | 4 | **28,077** | 23,636 |
| Right-of-use asset | 5 | **206,348** | 343,538 |
| Loan to related parties | 6 | **9,991,281** | 5,631,335 |
| **Total non-current assets** | | **10,225,706** | 5,998,509 |
| **Current assets** | | | |
| Trade and other receivables | 7 | **19,065,634** | 22,800,016 |
| Due from related parties | 6 | **1,953,573** | 1,676,709 |
| Other current financial assets | 8 | **4,126,647** | 3,136,738 |
| Cash and cash equivalents | 9 | **5,184,667** | 2,772,802 |
| **Total current assets** | | **30,330,521** | 30,386,265 |
| **Total assets** | | **40,556,227** | 36,384,774 |
| **Shareholder's equity (deficit) and liabilities** | | | |
| **Shareholder's equity (deficit)** | | | |
| Share capital | 10 | **55,000** | 55,000 |
| Statutory reserve | 11 | **27,500** | 27,500 |
| Accumulated losses | | **(5,325,293)** | (3,472,169) |
| **Total shareholder's equity (deficit)** | | **(5,242,793)** | (3,389,669) |
| **Non-current liabilities** | | | |
| Provision for employees' end of service benefits | 12 | **1,142,339** | 995,974 |
| Lease liability | 13 | **71,659** | 211,330 |
| Loan from a related party | 6 | **10,985,968** | - |
| **Total non-current liabilities** | | **12,199,966** | 1,207,304 |
| **Current liabilities** | | | |
| Trade and other payables | 14 | **32,686,812** | 38,387,411 |
| Due to a related party | 6 | **748,571** | 32,834 |
| Lease liability | 13 | **163,671** | 146,894 |
| **Total current liabilities** | | **33,599,054** | 38,567,139 |
| **Total liabilities** | | **45,799,020** | 39,774,443 |
| **Total shareholder's equity (deficit) and liabilities** | | **40,556,227** | 36,384,774 |

See accompanying notes forming integral part of these financial statements.

The report of the independent auditor is set forth on the above pages

Authorised for issue by the Directors on 19 April 2023.

For Comviva Technologies FZ-LLC

Manoranjan Mohapatra
Director

Deshbandhu Rameshkumar Bansal
Director

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

| **Assets** | **Note** | **31.03.2023 AED** | **31.03.2022 AED** |
|---|---|---|---|
| **Revenue** | 15 | **37,334,062** | 32,158,313 |
| Cost of revenue | 16 | **(23,401,388)** | (25,816,062) |
| **Gross profit** | | **13,932,674** | 6,342,251 |
| Other income | 17 | **589,276** | 1,400,293 |
| Administrative and selling expenses | 18 | **(16,108,254)** | (13,406,104) |
| **Loss from operating activities** | | **(1,586,304)** | (5,663,560) |
| Finance costs | 19 | **(266,820)** | (7,715) |
| **Loss for the year** | | **(1,853,124)** | (5,671,275) |
| **Other comprehensive income** | | **-** | - |
| **Total comprehensive income for the year** | | **(1,853,124)** | (5,671,275) |

See accompanying notes forming integral part of these financial statements.

The report of the independent auditor is set forth on the above pages

# STATEMENT OF CHANGES IN EQUITY (DEFICIT) FOR THE YEAR ENDED 31 MARCH 2023

| | Share capital | Statutory reserve | Accumulated losses | Total |
|---|---|---|---|---|
| | AED | AED | AED | AED |
| Balance as at 1 April 2021 | 55,000 | 27,500 | 4,659,106 | 4,741,606 |
| Dividend paid (Note 6) | - | - | (2,460,000) | (2,460,000) |
| Total comprehensive income for the year | - | - | (5,671,275) | (5,671,275) |
| **Balance as at 31 March 2022** | **55,000** | **27,500** | **(3,472,169)** | **(3,389,669)** |
| Total comprehensive income for the year | - | - | (1,853,124) | (1,853,124) |
| **Balance as at 31 March 2023** | **55,000** | **27,500** | **(5,325,293)** | **(5,242,793)** |

See accompanying notes forming integral part of these financial statements.

The report of the independent auditor is set forth on the above pages

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

| | 31.03.2023 AED | 31.03.2022 AED |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss for the year | **(1,853,124)** | (5,671,275) |
| Adjustments for : | | |
| Provision for employees' end of service benefits | **506,974** | 242,831 |
| Depreciation on property and equipment | **15,252** | 11,628 |
| Depreciation on right-of-use asset | **137,190** | 184,855 |
| Interest on loan to related parties | **(573,448)** | (161,167) |
| Interest on fixed deposit | **(1,729)** | (2,202) |
| Gain on disposal of property and equipment | **(153)** | - |
| Allowance for impairment of trade receivables | **1,161,962** | 1,164,912 |
| Finance costs | **266,820** | 7,715 |
| Write back of accrued expenses | **-** | (1,219,265) |
| **Operating cash flows before changes in working capital** | **(340,256)** | (5,441,968) |
| Decrease in trade and other receivables | **2,572,420** | 9,706,933 |
| Decrease in due from related parties | **296,584** | 234,988 |
| Decrease in trade and other payables | **(5,700,599)** | (373,706) |
| Increase in due to related parties | **715,737** | 32,834 |
| **Cash (used in)/generated from operations** | **(2,456,114)** | 4,159,081 |
| Employees' end of service benefits paid | **(360,609)** | (53,041) |
| Finance costs paid | **(266,820)** | (7,715) |
| **Net cash (used in)/generated from operating activities** | **(3,083,543)** | 4,098,325 |
| **Cash flows from investing activities** | | |
| Purchase of property and equipment | **(22,431)** | (11,185) |
| Proceeds from disposal of property and equipment | **2,891** | - |
| Loan repaid by related parties | **-** | 2,752,937 |
| Loan given to related parties | **(4,359,946)** | (2,942,975) |
| Interest on fixed deposit | **1,729** | 2,202 |
| Increase in other current financial assets | **(989,909)** | (89,619) |
| **Net cash used in investing activities** | **(5,367,666)** | (288,640) |
| **Cash flows from financing activities** | | |
| Dividend paid | **-** | (2,460,000) |
| Loan availed from a related party | **10,985,968** | - |
| Payment of lease liability | **(122,894)** | (232,285) |
| **Net cash generated from/(used in) financing activities** | **10,863,074** | (2,692,285) |
| **Net increase in cash and cash equivalents** | **2,411,865** | 1,117,400 |
| Cash and cash equivalents at beginning of year | **2,772,802** | 1,655,402 |
| **Cash and cash equivalents at end of year (Note 9)** | **5,184,667** | 2,772,802 |

See accompanying notes forming integral part of these financial statements.

The report of the independent auditor is set forth on the above pages

# COMVIVA TECHNOLOGIES FZ-LLC NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

## 1. GENERAL INFORMATION

Comviva Technologies FZ-LLC ('the Company'), Dubai Internet City, Dubai, United Arab Emirates is a 100% subsidiary of Comviva Technologies Limited, India registered on 19 February 2012 with the Dubai Technology and Media Free Zone Authority, United Arab Emirates as a Free Zone Limited Liability Company. The registered address of the Company is premises - 1401 & 1408-1409, Floor No. 14, Al Shatha Tower, P.O. Box : 500583, Dubai, United Arab Emirates.

Management considers the parent and ultimate controlling party to be Comviva Technologies Limited, India. The principal activity of the Company is to provide solutions for telecommunication and network.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

### 2.1 Basis of preparation

The financial statements have been prepared on the historical cost basis. The financial statements are presented in Arab Emirates Dirhams (AED) and all values are rounded to the nearest Arab Emirates Dirham. The principal accounting policies adopted are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.2 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards.

### 2.3 Adoption of new and revised International Financial Reporting Standards

The following new and revised Standards including amendments thereto and Interpretations which became effective for the current reporting period have been adopted, wherever applicable. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the financial reporting for future transactions or arrangements.

Amendments to IFRS 3 - Reference to the Conceptual Framework

Amendment to IFRS 16 - COVID-19-Related Rent Concessions

Amendments to IAS 16 - Proceeds before Intended Use

Amendments to IAS 37- Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to IFRS Standards 2018–2020 - Amendments to IFRS 1, IFRS 9 and IAS 41

The following Standards, amendments thereto and interpretations have been issued prior to 31 March 2023 but have not been applied in these financial statements as their effective dates of adoption are for future periods. It is anticipated that their adoption in the relevant accounting periods will have impact only on disclosures within the financial statements.

IFRS 17: Insurance Contracts - 1 January 2023

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Date to be determined.

Amendment to IFRS 16 - Lease Liability in a Sale and Leaseback- 1 January 2024

Amendments to IAS 1- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - 1 January 2024

Amendments to IAS 1 - Disclosure of Accounting Policies - 1 January 2023

Amendments to IAS 8 - Definition of Accounting Estimates - 1 January 2023

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a single Transaction - 1 January 2023

## 2.4 Foreign currencies

### (a) Functional and presentation currency

The financial statements are prepared and the items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in U.A.E. Dirhams, which is the Company's functional and presentation currency.

### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of outstanding amounts of such transactions and from the re-translation of monetary assets and liabilities denominated in foreign currencies at each reporting date are recognised in the profit or loss. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

## 2.5 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and identified impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items including installation costs. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the profit or loss during the reporting period in which they are incurred.

The depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

| | **Years** |
|---|---:|
| Computers | 3 |
| Furniture & fixtures | 5 |
| Network system | 3 |
| Office equipment | 5 |

The assets' residual values and useful lives are reviewed at each reporting date, with the effect of any changes in estimates adjusted on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gains or losses arising on the disposal or retirement of an item of property and equipment is determined by comparing the disposal proceeds with the carrying amount of the asset and is recognised in profit or loss.

## 2.6 Leases

### The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

### Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

**Lease payments included in the measurement of the lease liability comprise:**

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- the payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

**Right-of-use asset**

The right-of-use asset comprises the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement day and any initial direct costs. It is subsequently measured at cost less accumulated depreciation, impairment losses and adjusted for any remeasurement of lease liability.

Right-of-use asset is depreciated over the shorter period of lease term and useful life of the underlying asset. The useful life of the assets are 3 years.

The right-of-use asset is presented as a separate line in the statement of financial position. As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

### 2.7 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

**Recoverable amount is the higher of fair value less costs to sell and value in use.**

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### 2.8 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) are initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

**Financial assets**

A financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVTOCI") – debt investment; fair value through other comprehensive income ("FVTOCI") – equity investment; or fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are; solely; payments of principal and interest on the outstanding principal amount.

The following accounting policies apply to the subsequent measurement of financial assets.

**Financial assets at amortised cost**

These assets are subsequently measured at amortised cost using the effective interest method and is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

**Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the sum of consideration paid and payable is recognised in profit or loss.

**2.9 Impairment of financial assets**

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model which requires considerable judgement in selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. IFRS 9 requires the Company to record an allowance for ECLs for all financial assets at amortised cost, debt investments at FVTOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The Company has five types of financial assets that are subject to IFRS 9's expected credit loss model:

- Trade and other receivables (excluding contract assets, prepayments and advance to suppliers),
- Loan to related parties,
- Due from related parties,
- Other current financial assets, and
- Cash and cash equivalents.

While the above financial assets are subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial, except for trade receivables.

Under IFRS 9, loss allowances are measured on either of the following bases:

12 month ECLs: these are ECLs that result from possible default within 12 months after the reporting date; and

Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instruments.

The Company has applied the standard's simplified approach for trade receivables and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

**2.10 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and other short-term highly liquid investments with a maturity date of three months or less from the date of investment, net of temporary bank overdrafts.

**2.11 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is recognised in the profit or loss, net of any reimbursement.

**2.12 Provision for employees' end of service benefits**

Provision for employees' end of service benefits is made in accordance with the U.A.E. Labour Law, and is based on current remuneration and periods of service at the end of the reporting period.

**2.13 Value Added Tax (VAT) payable/receivable**

Value Added Tax (VAT) payable/receivable represents net VAT amount payable to or receivable from the U.A.E. Federal Tax Authority against the value added tax charged to the customers by the Company on its sales and services and the value added tax charged by the suppliers to the Company on its purchases and expenses as per the regulations of Federal Decree Law No. 8 and Cabinet Decision No. 52 of 2017 of United Arab Emirates.

**2.14 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method.

Difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are classified as current liabilities unless the Company has an unconditional right prior to the reporting date to defer settlement of the liability for at least 12 months after the reporting date.

**2.15 Revenue recognition**

The details of accounting policy in relation to the Company's recognition of revenue from sale of goods and rendering of services are set out below:

Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires judgement. The Company recognises revenue from sale of goods and rendering of services based on a five-step model as set out in IFRS 15:

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer goods or services to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or

2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

3. The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

Revenue is recognised based on the following specific recognition criteria:

**Sale of goods**

Revenue (Net of discounts) from sale of goods (comprising of hardware and software) is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods or on final acceptance.

Payment of the transaction price is due immediately when the customer purchases the goods and takes delivery.

**Income from services**

Revenue from fixed-price contracts are recognized as per the proportionate-completion method or completed contract method, as applicable provided that no further vendor obligations remain and collection is probable.

Revenue in respect of time-and-material contracts is recognized as and when the related services are rendered. Annual technical services revenue and revenue from fixed-price maintenance contracts are recognized proportionately over the period in which the services are rendered.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as contract receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned revenue and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

**Interest income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

**Contracts with multiple performance obligations**

Some contracts include multiple deliverables, such as the sale of equipment and related services. However, the installation is simple, could be performed by another party. It is therefore accounted for as a separate performance obligation.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Company uses input method for recognizing revenue for service revenue.

**Significant judgements about:**

Timing of satisfaction of performance obligation

In making their judgement, the management considered the detailed criteria for the recognition of revenue set out in IFRS 15. The revenue is recognized when the Company has transferred control of the goods or completed provision of service to the customer.

Transaction price and the amounts allocated to performance obligations

Management estimates the stand-alone selling price at contract inception based on observable prices of the type of equipment likely to be provided and the services rendered in similar circumstances to similar customers. If a discount is granted, it is allocated to both performance obligations based on their relative stand-alone selling prices.

## 3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**a) Depreciation of property and equipment**

Management assigns useful lives and residual values to property and equipment based on the intended use and the economic lives of those assets. Subsequent changes in circumstances could result in the actual useful lives or residual values differing from initial estimates. Where management determines that the useful life or residual value of an asset requires amendment, the net book amount in excess of the residual value is depreciated over the revised remaining useful life.

**b) Impairment of non-financial assets**

Assessments of net recoverable amounts of property and equipment and other non- financial assets are based on assumptions regarding future cash flows expected to be received from the related assets.

**c) Business model assessment**

Classification and measurement of financial assets depends on the results of the Solely Payments of Principal and Interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

**d) Significant increase in credit risk**

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

**e) Calculation of loss allowance**

When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

**f) Lease term and useful lives of right-of-use asset**

The Company's management determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

## 4. PROPERTY AND EQUIPMENT

| | Computers | Furniture & fixtures | Network system | Office equipment | Total |
|---|---|---|---|---|---|
| | AED | AED | AED | AED | AED |
| Cost | | | | | |
| At 1 April 2021 | 3,954,119 | 7,794 | 57,100 | 52,038 | 4,071,051 |
| Additions | 9,935 | - | - | 1,250 | 11,185 |
| At 31 March 2022 | 3,964,054 | 7,794 | 57,100 | 53,288 | 4,082,236 |
| Addition | 22,431 | - | - | - | 22,431 |
| Disposal | (5,477) | - | - | - | (5,477) |
| At 31 March 2023 | 3,981,008 | 7,794 | 57,100 | 53,288 | 4,099,190 |
| Accumulated depreciation | | | | | |
| At 1 April 2021 | 3,935,208 | 7,145 | 57,100 | 47,519 | 4,046,972 |
| Charge for the year (Note 18) | 8,775 | 649 | - | 2,204 | 11,628 |
| At 31 March 2022 | 3,943,983 | 7,794 | 57,100 | 49,723 | 4,058,600 |
| Charge for the year (Note 18) | 13,359 | - | - | 1,893 | 15,252 |
| On disposal | (2,739) | - | - | - | (2,739) |
| At 31 March 2023 | 3,954,603 | 7,794 | 57,100 | 51,616 | 4,071,113 |
| Carrying amount | | | | | |
| At 31 March 2023 | 26,405 | - | - | 1,672 | 28,077 |
| At 31 March 2022 | 20,071 | - | - | 3,565 | 23,636 |

## 5. RIGHT-OF-USE ASSET

| **Building** | **31.03.2023 AED** | **31.03.2022 AED** |
|---|---|---|
| **Cost** | | |
| Balance at the beginning of the year | **990,015** | 578,070 |
| Addition (Note 13) | **-** | 411,945 |
| Balance at the end of the year | **990,015** | 990,015 |
| **Accumulated depreciation** | | |
| Balance at the beginning of the year | **646,477** | 461,622 |
| Charge for the year (Note 18) | **137,190** | 184,855 |
| Balance at the end of the year | **783,667** | 646,477 |
| **Carrying amount** | **206,348** | 343,538 |

## 6. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the shareholder, key management personnel/directors, fellow subsidiaries, associates, joint ventures and entities which are controlled directly or indirectly by the shareholder or directors or over which they exercise significant management influence. Transactions and balances between the Company and its related parties are described below. Transactions with related parties were entered into on terms as agreed by the management.

Management considers the parent and ultimate controlling party to be Comviva Technologies Limited, India.

During the year, the Company entered into the following transactions with related parties:

| | 31.03.2023 AED | 31.03.2022 AED |
|---|---|---|
| Comviva Technologies Limited (Parent company) | | |
| Purchases and direct expenses (Note 16) | **9,910,742** | 1,086,425 |
| Dividend paid | **-** | 2,460,000 |
| Fund transfer | **14,540** | 161,803 |
| Entities under common ownership and control | | |
| Interest on loan to related parties (Note 17) | **573,448** | 161,167 |
| Interest on loan from a related party (Note 19) | **257,714** | - |
| Loan given to related parties | **4,359,946** | 2,942,975 |
| Loan repaid by related parties | **-** | 2,752,937 |
| Loan availed from a related party | **10,985,968** | - |
| Lease payment to a related party (Note 13) | **132,000** | 240,000 |
| Fund transferred (net) | **438,873** | 106,655 |

Compensation of key managerial personnel

The key managerial remuneration represents the compensation paid or payable to key management for employee services. The key management includes directors and other members of senior management.

The compensation of key management for the year is shown below:

| | 31.03.2023 AED | 31.03.2022 AED |
|---|---|---|
| Salaries and allowances | **1,551,227** | 1,596,371 |
| End of service benefits | **125,200** | 101,716 |
| | **1,676,427** | 1,698,087 |

The compensation to key managerial personnel is included in employee costs (Note 20).

The following balances were outstanding at the end of the reporting period :

| **Loan to related parties** | 31.03.2023 AED | 31.03.2022 AED |
|---|---|---|
| Entities under common ownership and control | | |
| Comviva Technologies USA INC, U.S.A. | **6,779,585** | 2,580,770 |
| Comviva Technologies Nigeria Limited, Nigeria | **1,539,149** | 1,548,462 |
| YABX Technologies (Netherlands) B.V., Netherlands | **1,672,547** | 1,502,103 |
| | **9,991,281** | 5,631,335 |

The Company has given a loan of US$ 1,000,000 to Comviva Technologies USA INC, U.S.A. on 10 August 2021 which carries an interest rate of 3 months LIBOR + 200 bps. During 1 June 2022, the Company has provided a loan of US$ 1,500,000 to Comviva Technologies USA INC, U.S.A., which carries an interest rate of 3 months LIBOR + 200 bps.

The Company has given a loan of US$ 420,000 to Comviva Technologies Nigeria Limited on 12 April 2013 which carries an interest rate of LIBOR + 5.5%.

The Company has given a loan of EUR 266,000 to YABX Technologies (Netherlands) B.V. on 15 July 2019 which carries an interest rate of LIBOR + 2%. On 8 September 2022, the Company has amended the loan amount to EUR 500,000.

| **Loan from a related party** | **31.03.2023** | **31.03.2022** |
|---|---|---|
| **Entity under common ownership and control** | **AED** | **AED** |
| Comviva Technologies B.V., Netherlands | **10,985,968** | - |

The Company took a loan of USD 10,000,000 from Comviva Technologies B.V., Netherlands on 28 November 2022 which carries an interest rate of 3 months LIBOR + 200 bps.

| | **31.03.2023** | **31.03.2022** |
|---|---|---|
| **Due from related parties** | **AED** | **AED** |
| Entities under common ownership and control | | |
| Comviva Technologies Nigeria Limited | **1,314,342** | 1,297,691 |
| Comviva Technologies B.V | **638,953** | 305,605 |
| Comviva Technologies Limited, Zambia | **278** | 278 |
| YABX Technologies (Netherlands) B.V. | **-** | 54,779 |
| Comviva Technologies USA | **-** | 18,356 |
| | **1,953,573** | 1,676,709 |

| | **31.03.2023** | **31.03.2022** |
|---|---|---|
| **Due to a related party** | **AED** | **AED** |
| Parent company | | |
| Comviva Technologies Limited, India | **748,571** | - |
| Entity under common ownership and control | | |
| Comviva Technologies (Australia) Pty. Ltd | **-** | 32,834 |
| | **748,571** | 32,834 |
| **Following are the balances due from/to related parties** | | |
| Included in trade and other receivables (Note 7) | **4,368** | 1,703,083 |
| Included in trade and other payables (Note 14) | **12,580,929** | 8,692,108 |
| Lease liability (Note 13) | **235,330** | 358,224 |

## 7. TRADE AND OTHER RECEIVABLES

| | **31.03.2023** | **31.03.2022** |
|---|---|---|
| | **AED** | **AED** |
| Trade receivables | **14,255,622** | 16,746,032 |
| Less : Allowance for impairment of trade receivables | **(2,010,613)** | (1,106,240) |
| | **12,245,009** | 15,639,792 |
| Contract assets | **4,069,821** | 4,674,186 |
| Prepayments | **2,227,650** | 2,339,369 |
| Advance to employees | **287,116** | 72,246 |
| VAT receivable | **195,780** | - |
| Refundable deposits | **33,594** | 33,797 |
| Advance to suppliers | **-** | 33,962 |
| Other receivables | **6,664** | 6,664 |
| | **19,065,634** | 22,800,016 |

As at 31 March 2023, trade receivables with a nominal value of AED 2,010,613 (2022 : AED 1,106,240) were provided for as per the requirement under IFRS 9 expected credit loss model.

Movements in the allowance for impairment of trade receivables are as follows:

| | 31.03.2023 AED | 31.03.2022 AED |
|---|---|---|
| Balance at the beginning of the year | **1,106,240** | 1,147,643 |
| Provision made during the year (Note 18) | **1,161,962** | 1,164,912 |
| Written off during the year | **(257,589)** | (1,206,315) |
| Balance at the end of the year | **2,010,613** | 1,106,240 |

Trade receivables are non-interest bearing and generally on 30 days credit terms

The following table details the risk profile of trade receivables based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base.

As at 31 March, the ageing analysis of trade receivables is as follows :

| | Current | 31 to 90 days | 91 to 180 days | 181 to 365 days | Above 365 days | Total |
|---|---|---|---|---|---|---|
| **2023** | **AED** | **AED** | **AED** | **AED** | **AED** | **AED** |
| Gross receivables | 2,566,732 | 7,001,942 | 45,275 | 1,091,322 | 3,550,351 | 14,255,622 |
| Provision % | 0.00% | 0.47% | 20.00% | 1.40% | 55.02% | 14.10% |
| Provision | - | (32,747) | (9,055) | (15,278) | (1,953,533) | (2,010,613) |
| Net receivables | **2,566,732** | **6,969,195** | **36,220** | **1,076,044** | **1,596,818** | **12,245,009** |
| **2022** | | | | | | |
| Gross receivables | 8,211,678 | 1,090,898 | 3,435,001 | 2,640,719 | 1,367,736 | 16,746,032 |
| Provision % | 0.13% | 0.20% | 0.27% | 1.31% | 76.76% | 6.61% |
| Provision | (10,328) | (2,152) | (9,302) | (34,617) | (1,049,841) | (1,106,240) |
| Net receivables | **8,201,350** | **1,088,746** | **3,425,699** | **2,606,102** | **317,895** | **15,639,792** |

Trade receivables include AED 4,368 (2022 : AED 1,703,083) receivable from related parties (Note 6).

## 8. OTHER CURRENT FINANCIAL ASSETS

| | 31.03.2023 AED | 31.03.2022 AED |
|---|---|---|
| Term deposit | **2,991,262** | 3,005,921 |
| Margin deposit | **1,135,385** | 130,817 |
| | **4,126,647** | 3,136,738 |

## 9. CASH AND CASH EQUIVALENTS

| | 31.03.2023 AED | 31.03.2022 AED |
|---|---|---|
| Cash at bank : Current accounts | **5,184,667** | 2,772,802 |

## 10. SHARE CAPITAL

| | 31.03.2023 AED | 31.03.2022 AED |
|---|---|---|
| Authorised, issued and fully paid; | | |
| 55 ordinary shares of AED 1,000 each | **55,000** | 55,000 |

## 11. STATUTORY RESERVE

| | 31.03.2023 AED | 31.03.2022 AED |
|---|---|---|
| Balance at the end of the year | **27,500** | 27,500 |

In accordance with the Memorandum and Article of Association, the Company has established a statutory reserve by transferring 10% of net profit for each year until the reserve equals 50% of the issued share capital. This is discontinued since the reserve has accumulated to 50% of the paid up capital. This reserve is not available for distribution except as stipulated by the provisions of Memorandum and Articles of Association.

## 12. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

| | 31.03.2023 AED | 31.03.2022 AED |
|---|---|---|
| Balance at the beginning of the year | **995,974** | 806,184 |
| Provided during the year (Note 20) | **506,974** | 242,831 |
| Paid during the year | **(360,609)** | (53,041) |
| Balance at the end of the year | **1,142,339** | 995,974 |

## 13. LEASE LIABILITY

| | 31.03.2023 AED | 31.03.2022 AED |
|---|---|---|
| Balance at the beginning of the year | **358,224** | 178,564 |
| Recognised during the year (Note 5) | **-** | 411,945 |
| Interest charged during the year (Note 19) | **9,106** | 7,715 |
| Lease payments during the year (Note 6) | **(132,000)** | (240,000) |
| Balance at the end of the year | **235,330** | 358,224 |
| Less: Non-current portion | **(71,659)** | (211,330) |
| Current portion | **163,671** | 146,894 |

## 14. TRADE AND OTHER PAYABLES

| | 31.03.2023 AED | 31.03.2022 AED |
|---|---|---|
| Trade payables | **13,755,271** | 8,927,023 |
| Accrued expenses | **14,322,480** | 26,339,340 |
| Employee benefits payable | **2,739,710** | 2,698,341 |
| Contract liability | **1,557,295** | 119,923 |
| Advance from customers | **312,056** | 254,200 |
| Value added tax payable | **-** | 48,584 |
| | **32,686,812** | 38,387,411 |

Trade payables include AED 12,580,929 (2022 : AED 8,692,108) payable to a related party (Note 6).

## 15. REVENUE

| | 31.03.2023 AED | 31.03.2022 AED |
|---|---|---|
| Revenue from : | | |
| Sales of goods - At a point in time | **163,801** | 1,771,726 |
| Rendering of services - Over a period of time | **37,170,261** | 30,386,587 |
| | **37,334,062** | 32,158,313 |

## 16. COST OF REVENUE

| | 31.03.2023 AED | 31.03.2022 AED |
|---|---|---|
| Purchases | **3,576,762** | 4,852,628 |
| Royalty | **12,991,399** | 18,794,913 |
| Direct expenses | **6,833,227** | 2,168,521 |
| | **23,401,388** | 25,816,062 |

## 17. OTHER INCOME

| | 31.03.2023 AED | 31.03.2022 AED |
|---|---|---|
| Interest on loan to related parties (Note 6) | **573,448** | 161,167 |
| Interest on fixed deposit | **1,729** | 2,202 |
| Gain on disposal of Property and equipment | **153** | - |
| Write back of accrued expenses | **-** | 1,219,265 |
| Miscellaneous income | **13,946** | 17,659 |
| | **589,276** | 1,400,293 |

## 18. ADMINISTRATIVE AND SELLING EXPENSES

| | 31.03.2023 AED | 31.03.2022 AED |
|---|---|---|
| Employee costs (Note 20) | **12,593,168** | 10,132,612 |
| Allowance for impairment of trade receivables (Note 7) | **1,161,962** | 1,164,912 |
| Exchange loss | **580,217** | 397,474 |
| Rates and taxes | **570,262** | 620,719 |
| Bank charges | **255,627** | 96,691 |
| Insurance | **204,068** | 151,695 |
| Recruitment and visa charges | **155,375** | 31,444 |
| Travelling expenses | **144,347** | 28,573 |
| Depreciation on right-of-use asset (Note 5) | **137,190** | 184,855 |
| Repairs and maintenance | **57,241** | 58,292 |
| Legal and professional fees | **56,927** | 348,279 |
| Communication | **56,640** | 39,723 |
| Advertisement and sale promotion | **38,200** | 14,276 |
| Depreciation on property and equipment (Note 4) | **15,252** | 11,628 |
| Freight and forwarding charges | **6,512** | 31,930 |
| Other expenses | **75,266** | 93,001 |
| | **16,108,254** | 13,406,104 |

## 19. FINANCE COSTS

| | 31.03.2023 AED | 31.03.2022 AED |
|---|---|---|
| Interest on : | | |
| Loan from a related party (Note 6) | **257,714** | - |
| Lease liability (Note 13) | **9,106** | 7,715 |
| | **266,820** | 7,715 |

## 20. EMPLOYEE COSTS

| | 31.03.2023 AED | 31.03.2022 AED |
|---|---|---|
| Salaries and allowances | **11,940,716** | 9,805,155 |
| End of service benefits (Note 12) | **506,974** | 242,831 |
| Other benefits | **145,478** | 84,626 |
| | **12,593,168** | 10,132,612 |

The above employee costs include AED 1,676,427 (2022 : AED 1,698,087) compensation paid to key managerial personnel (Note 6).

The entire employee costs have been allocated to administrative and selling expenses (Note 18).

## 21. FINANCIAL INSTRUMENTS

The net carrying amounts of the financial assets and financial liabilities at the end of the reporting period are classified below:

| **Financial assets** | 31.03.2023 AED | 31.03.2022 AED |
|---|---|---|
| Trade and other receivables (excluding prepayments, contract assets and advance to suppliers) (Note 7) | **12,768,163** | 15,752,499 |
| Loan to related parties (Note 6) | **9,991,281** | 5,631,335 |
| Due from related parties (Note 6) | **1,953,573** | 1,676,709 |
| Other current financial assets (Note 8) | **4,126,647** | 3,136,738 |
| Cash and cash equivalents (Note 9) | **5,184,667** | 2,772,802 |
| | **34,024,331** | 28,970,083 |

| | At amortised cost | |
|---|---|---|
| **Financial liabilities 2** | 31.03.2023 AED | 31.03.2022 AED |
| Trade and other payables (excluding advance from customers and contract liability) (Note 14) | **30,817,461** | 38,013,288 |
| Lease liability (Note 13) | **235,330** | 358,224 |
| Due to a related party (Note 6) | **748,571** | 32,834 |
| Loan from a related party (Note 6) | **10,985,968** | - |
| | **42,787,330** | 38,404,346 |

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2.8 to the financial statements.

## 22. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while providing maximum return to stakeholders through the optimisation of the debt and equity balance and to maintain an optimal capital structure to reduce the cost of capital. The Company's overall strategy on capital risk management remains unchanged from the previous year.

The capital structure of the Company consists of equity funds as presented in the statement of financial position. Debt comprises total amounts owing to third parties and a related party, net of cash and cash equivalents.

## 23. FINANCIAL RISK MANAGEMENT

### Financial risk factors

The Company's activities expose to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's management. The management identifies and evaluates financial risks on regular basis to minimise the adverse impact over the Company's operation.

### (a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk : interest rate risk, currency risk and other price risk, such as equity risk and commodity price risk. The Company's activities are exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

#### (i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities, when revenue or expense are denominated in a different currency from the Company's functional currency which is United Arab Emirates Dirham (AED). The Company manages the risks through regular monitoring of the currency markets to determine appropriate action to minimise the exposure to the foreign currency risk.

#### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the loan to related parties.

### (b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables and committed transactions) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

The Company deals only with highly reputed local and international banks. In respect of major customers, credit risk is managed by assessing the credit quality of these major customers, taking into account their financial position, past experience and other factors including regular follow up.

**(c) Liquidity risk**

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date.

The Company manages the liquidity risk through risk management framework for the Company's short, medium and long-term funding and liquidity management requirements by maintaining adequate reserves, sufficient cash and cash equivalent to ensure funds are available to meet its commitments for liabilities as they fall due.

The table below analyses the Company's remaining contractual maturity for its financial liabilities based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The contractual maturity is based on the earliest date on which the Company may be required to pay.

| | Less than 1 year AED | Between 1 to 5 years AED | Total AED |
|---|---|---|---|
| **As at 31 March 2023** | | | |
| Trade and other payables (excluding advance from customers and contract liability) (Note 14) | 30,817,461 | - | 30,817,461 |
| Lease liability (Note 13) | 163,671 | 71,659 | 235,330 |
| Due to a related party (Note 6) | 748,571 | - | 748,571 |
| Loan from a related party (Note 6) | - | 10,985,968 | 10,985,968 |
| | **31,729,703** | **11,057,627** | **42,787,330** |

| | Less than 1 year AED | Between 1 to 5 years AED | Total AED |
|---|---|---|---|
| **As at 31 March 2022** | | | |
| Trade and other payables (excluding advance from customers and contract liability) (Note 14) | 38,013,288 | - | 38,013,288 |
| Lease liability (Note 13) | 146,894 | 211,330 | 358,224 |
| Due to a related party (Note 6) | 32,834 | - | 32,834 |
| | **38,193,016** | **211,330** | **38,404,346** |

## 24. FAIR VALUE

The fair value of a particular asset or liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the financial assets and liabilities approximate their carrying amounts as reflected in these financial statements.

## 25. CONTINGENT LIABILITIES

As at the end of the reporting period the following contingent liabilities were outstanding :

| | 31.03.2023 AED | 31.03.2022 AED |
|---|---|---|
| Letters of guarantee | **4,655,756** | 2,963,296 |

## 26. COMPARATIVE FIGURES

The previous year figures have been reclassified and regrouped, wherever necessary, to conform with the current year presentation.

# COMVIVA TECHNOLOGIES B.V.

**Directors:**

Sandeep Phadke
Gaurav Satish Godbole

**Registered/File No:**

63223767

**Registered Office:**

Maanplein 20, Building 8, 2516 CK The Hague, The Netherlands

# DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2023

The Directors submit their report together with the Audited Financials of Comviva Technologies B.V. ("The Company"), for the year ended 31st March, 2023.

**Principal Activity**

The principal activity of the Company is to provide solutions for telecommunication and network.

**Financial results and appropriations**

The financial results of the Company for the year ended 31st March, 2023 are set out in the statement of profit or loss and other comprehensive income.

**Events after the reporting period**

There are no significant events after the reporting period.

**Shareholder and its interest**

Comviva Technologies Limited, India is the 100% shareholder of the issued share capital of the Company at the reporting date. During the year, the Company issued 3,083,700 shares to Comviva Technologies Limited, India with a nominal value of EUR 1 each (subscription price EUR 2.27) against an aggregate capital of EUR 7,000,000 infused by Comviva Technologies Limited, India in capital of the Company.

**Directors**

The Directors who served during the year are as follows:

Sandeep Phadke

Gaurav Satish Godbole

**On behalf of the Board of Directors,**

| | |
|---|---|
| **Gaurav Satish Godbole**<br>Managing Director | **Sandeep Phadke**<br>Managing Director |

22nd April 2023

# INDEPENDENT AUDITOR'S REPORT

**To B S R & Co. LLP, Pune**

**Report on the Audit of the Special Purpose Financial Statements**

### Opinion

We have audited the special purpose financial statements of Comviva Technologies B.V. (the Company), which comprise the Balance Sheet as at March 31, 2023 and the Income Statement and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying special purpose financial statements of the Company for the year ended March 31, 2023 are prepared in all material respects, in accordance with the International Financial Reporting Standard (IFRS) as adopted by European Union (EU) and relevant articles of Part 9 of Book 2 of the Dutch Civil Code.

### Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) and instructions dated March 11, 2023 and subsequent clarifications received dated March 23, 2023. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special purpose financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the special purpose financial statements as prescribed by International Federation of Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Para 1.1 of the engagement letter, which describes that the financial statements are prepared to assist the Company in complying with the financial reporting provisions of Part 9 of Book 2 of the Dutch Civil Code. As a result, the financial statements may not be suitable for another purpose. The same is provided for the purpose of consolidation only.

Our report is intended solely for the use of B S R & Co. LLP, Pune for inclusion in the consolidated financial statements of Comviva Technologies Limited ("the Group") and should not be distributed to or used by any other parties. BDO India LLP shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

Our opinion is not modified in respect of this matter.

Other Matter

We have relied on the scanned copies of the supporting documents for the purpose of issuing our opinion.

Our opinion is not modified in respect of above matter.

### Responsibilities of Management and Those charged with Governance for the Special Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special purpose financial statements that give a true and fair view in accordance with the International Financial Reporting Standard (IFRS) as adopted by European Union (EU) and relevant articles of Part 9 of Book 2 of the Dutch Civil Code and for such internal control as management determines is necessary to enable the preparation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Special purpose financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those Charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements**

Our objectives are to obtain reasonable assurance about whether the special purpose 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 International Standards on Auditing (ISAs) 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 special purpose financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Special purpose financial statements.

**For BDO India LLP**

**Authorised Signatory**

Place: Gurugram
Date: April 23, 2023

# ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE SPECIAL PURPOSE FINANCIAL STATEMENTS OF COMVIVA TECHNOLOGIES B.V.

**Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements**

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- 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 special purpose 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.

- 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.

**For BDO India LLP**

**Authorised Signatory**

Place: Gurugram
Date: April 23, 2023

# BALANCE SHEET AS AT MARCH 31, 2023 PREPARED AFTER APPROPRIATION OF PROFIT

(All amounts in Euro, unless otherwise stated)

| Particulars | | | | Note no. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|---|---|
| | **Assets** | | | | | |
| **A** | **Fixed assets** | | | | | |
| | | I. | Intangible fixed Assets | | | |
| | | | Concession, licenses and intellectual property rights | 3 | **2,791** | 3,722 |
| | | II. | Tangible fixed Assets | | | |
| | | | Other operating fixed assets | 3 | **499,407** | 477,121 |
| | | | Tangible fixed assets under construction and prepayments on Tangible fixed Assets | 3 | **705,273** | 240,319 |
| | | III. | Fixed Financial Assets | 4 | | |
| | | | Participation in group companies | | **6,955,825** | 7,855,910 |
| | | | Receivable from group companies | | **4,626,561** | 2,892,524 |
| | | | | | **12,789,857** | 11,469,596 |
| **B** | **Current assets** | | | | | |
| | | I. | Receivables | 5 | | |
| | | | Trade debtors | | **6,094,701** | 3,698,807 |
| | | | Group Companies | | **1,822,276** | 1,876,572 |
| | | | Shareholders and participating interests | | **3,619,917** | 2,495,175 |
| | | | Other receivables | | **5,208,447** | 4,731,394 |
| | | II. | Cash and cash equivalents | 6 | **2,093,451** | 1,027,766 |
| | | | | | **18,838,792** | 13,829,714 |
| | **TOTAL ASSETS** | | | | **31,628,649** | 25,299,310 |
| | **Shareholders' equity, provisions and Liabilities** | | | | | |
| **A** | **Shareholders' equity** | | | | | |
| | | I. | Share capital paid up and called up | 7 | **22,138,790** | 19,055,090 |
| | | II. | Share premium (paid-in-surplus) | 8 | **3,916,300** | - |
| | | III. | Retained earnings | 9 | **(8,482,397)** | (709,266) |
| | | IV. | Other Reserves | 10 | **(1,638,520)** | (1,638,520) |
| | | | | | **15,934,173** | 16,707,304 |

| Particulars | | Note no. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| **B** | **Liabilities** | 11 | | |
| **1** | **Non-current Liabilities** | | | |
| | long-term liabilities | | | |
| | Other liabilities | | **96,653** | 12,376 |
| **2** | **Short-term liabilities** | | | |
| | Trade creditors | | **2,303,361** | 113,200 |
| | Amount due to group companies | | **463,055** | 377,700 |
| | Amount due to shareholders and participating interests | | **10,831,234** | 6,638,703 |
| | Other liabilities | | **2,000,173** | 1,450,027 |
| | | | **15,694,476** | 8,592,006 |
| | **TOTAL EQUITY AND LIABILITIES** | | **31,628,649** | 25,299,310 |

**Summary of Significant Accounting Policies**

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

**Gaurav Satish Godbole**
Managing Director

**Sandeep Phadke**
Managing Director

# PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Euro, unless otherwise stated)

| **Particulars** | **Note no.** | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|---|
| | 12 | | |
| Net Turnover | | **17,001,582** | 10,550,790 |
| Other Operating Income | | **-** | - |
| **Cost of sales** | | **(15,018,312)** | (6,362,553) |
| Gross turnover result/Gross Margin | | **1,983,270** | 4,188,237 |
| Selling expenses | | **891,451** | 895,336 |
| Administrative expenses | | **239,848** | 166,612 |
| Total selling and administrative expenses | | **1,131,299** | 1,061,948 |
| **Net turnover result/Gross Margin** | | **851,971** | 3,126,289 |
| Other Operating Income | | **-** | - |
| Income from receivables included in fixed assets and from investments | | **285,839** | 1,231,131 |
| Other interest income and similar income | | **-** | - |
| Changes in value of receivables included in fixed assets and of investments | | **7,500,086** | - |
| Interest expense and similar charge | | **235,557** | 41,951 |
| **Result before taxation** | | **(6,597,833)** | 4,315,469 |
| Taxation | | **180,334** | 382,099 |
| **Net Result for the year from continuing operation** | | **(6,778,167)** | 3,933,370 |
| Result before tax from dis-continuing operation | | **(1,322,592)** | 767,456 |
| Tax expense for dis-continuing operation | | **(327,628)** | 67,952 |
| Result after tax from dis-continuing operation | | **(994,964)** | 699,504 |
| **Net Results for the year** | | **(7,773,131)** | 4,632,874 |
| **Summary of Significant Accounting Policies** | 2 | | |

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

**Gaurav Satish Godbole**
Managing Director

**Sandeep Phadke**
Managing Director

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Euro, unless otherwise stated)

| Particulars | | **For the year ended March 31, 2023** | | For the year ended March 31, 2022 |
|---|---|---|---|---|
| **A] Cash flows from operating activities** | | | | |
| Result before taxation | | **(7,920,425)** | | 5,082,925 |
| **Adjustments for:** | | | | |
| Depreciation and amortization | **225,096** | | 264,361 | |
| Changes in value of receivables included in fixed assets and of investments | **7,500,086** | | - | |
| Interest expense and similar charge | **29,984** | | 41,951 | |
| Income from receivables included in fixed assets and from investments | **(285,839)** | | (1,231,131) | |
| Expected Credit Losses | **290,844** | | 350,472 | |
| | | **7,760,171** | | (574,347) |
| **Operating Profit before working capital changes** | | **(160,254)** | | 4,508,578 |
| **Net change in:** | | | | |
| **Trade Creditors** | **2,190,161** | | (1,079,940) | |
| Amount due to group companies | **85,355** | | 377,700 | |
| Amount due to shareholders and participating interests | **4,192,531** | | (2,140,902) | |
| Other liabilities | **604,440** | | 1,163,386 | |
| Trade Debtors | **(2,686,738)** | | (1,437,367) | |
| Group Companies | **54,296** | | (1,829,053) | |
| Amount receivable from Shareholders and participating interests | **(1,124,742)** | | (1,481,921) | |
| Other Receivables | **387,538** | | (1,223,918) | |
| | | **3,702,841** | | (7,652,014) |
| **Cash generated from operations** | | **3,542,587** | | (3,143,437) |
| Direct taxes (net of refund) | | **717,296** | | 287,453 |
| **Net cash flows from operating activities (A)** | | **2,825,291** | | (3,430,890) |
| **B] Cash flows from investing activities** | | | | |
| Purchase of Tangible fixed Assets and Intangible fixed Assets | **(711,406)** | | (310,447) | |
| Income from receivables included in fixed assets and from investments | **285,839** | | 1,231,131 | |
| Investment in Participation in group companies | **(6,600,000)** | | (230,427) | |
| Loan /Repayment of loan given to subsidiary | **(1,734,038)** | | 3,837,716 | |
| **Net Cash flows (used) in investing activities (B)** | | **(8,759,605)** | | 4,527,973 |
| **C] Cash flows from financing activities** | | | | |
| Proceeds from issue of own equity shares | **7,000,000** | | 15,575,910 | |
| Repayment to credit institutions | | | (16,186,653) | |
| Interest expense and similar charge | | | (38,041) | |

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **Net cash flows (used) in financing activities (C)** | **7,000,000** | (648,783) |
| **Net increase in cash and cash equivalents (A + B+ C)** | **1,065,685** | 448,300 |
| Cash & cash equivalents at the end of the year | **2,093,451** | 1,027,766 |
| Cash & cash equivalents at the beginning of the year | **1,027,766** | 579,466 |
| **Net increase in cash and cash equivalents** | **1,065,685** | 448,300 |

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Note 1:** | | |
| **Cash and cash equivalents include:** | | |
| Cash on hand | **-** | - |
| Remittances in transit | **343,280** | - |
| Balance with banks | | |
| - In current accounts | **1,750,171** | 1,027,766 |
| - In deposit accounts | **-** | - |
| **Total Cash and cash equivalents - refer note 6** | **2,093,451** | 1,027,766 |

**Note 2:**

Figures in brackets represent outflow of cash and cash equivalents.

**Note 3:**

The Statement of Cash Flows has been prepared under the ‘Indirect Method’ set out in DAS 360.

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

**Gaurav Satish Godbole**
Managing Director

**Sandeep Phadke**
Managing Director

## 1. GENERAL INFORMATION

### Most important activities

The activities of Comviva Technologies B.V., having its legal seat at Amsterdam mainly consist of writing, producing, publishing of software and providing business support services.

### Location actual activities

Comviva Technologies B.V. is located in Amsterdam and is registered at the chamber of commerce under number 63223767. The actual address is Maanplein 7 at ‘s Gravenhage.

Directors report and books of accounts has been kept at the office of the company.

### Group structure

The Company forms part of the Mahindra Comviva Group of companies. The immediate parent company is Comviva Technologies Limited (CTL), India. The Company is ultimately owned by Tech Mahindra Ltd, India.

### Exemption from consolidation

As Comviva Technologies B.V. is classified as “Medium” after consolidation, consolidation has been dispensed pursuant to art. 407, sub 2, under a of book 2 of the Dutch Civil Code (‘Burgerlijk Wetboek’). The Company avails the facility of article 408, Book 2 of the Dutch Civil Code. The annual accounts of the company and its subsidiaries are consolidated into the annual accounts of Tech Mahindra Limited, India. Copies of the consolidated accounts are available at the Trade Register of the Chamber of commerce in Amsterdam. The consolidated accounts will be filed together with the final statements of the Company.

Estimates

In applying the principles and policies for drawing up the financial statements, the directors of Comviva Technologies B.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the Dutch Civil Code the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

## 2. ACCOUNTING POLICIES

### GENERAL

### General policies

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2, of the Dutch Civil Code and the Dutch Accounting Standards applicable to small legal entities, as published by the Dutch Accounting Standards Board (‘Raad voor de Jaarverslaggeving’).

### Accounting policies for the valuation of assets and equity and liabilities

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet, income statement and the cash flow statement, references are made to the notes.

### Accounting policies for the income statement

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

### Foreign currency translation

Items included in the financial statements of Comviva Technologies B.V. are valued with due regard for the currency in the economic environment in which the company carries out most of its activities (the functional currency). The financial statements are denominated in Euros; this is both the functional currency and presentation currency of Comviva Technologies B.V.

### Financial instruments

Securities included in financial and current assets are stated at fair value, if these are related to securities held for trading or if they relate to equity instruments not held for trading, as well as derivatives of which the underlying object is listed on a stock exchange. All other on-balance financial instruments are carried at (amortised) cost. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and/or option pricing models, making allowance for entity-specific inputs.

## ACCOUNTING POLICIES FOR ASSETS

### Intangible assets

Intangible fixed assets are stated at historical cost less amortisation. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset (or of the cash generating unit to which the asset belongs) is higher than its realisable value.

### Tangible assets

Land and buildings are valued at historical cost plus additional costs or production cost less straight line depreciation based on the expected useful life. Land is not depreciated. Impairments expected on the balance sheet date are taken into account. With regard to the determination as to whether a tangible fixed asset is subject to an impairment, please refer to the relevant section. Other tangible fixed assets are valued at historical cost or production cost including directly attributable costs, less straight-line depreciation based on the expected future life and impairments.

### Financial assets

Due to the international structure of the group and the use of the consolidation exemption of Article 408, Book 2 of the Dutch Civil Code, participations are recognised at costs. If an asset qualifies as impaired, it is measured at its impaired value; any write offs are disclosed in the income statement. Receivables are valued at fair value and then valued at amortised cost, which equals the face value. The receivables of group companies are included in financial fixed assets, except for maturities less than 12 months after balance sheet date. They are then included in the current assets.

### Receivables

Receivables are initially valued at the fair value of the consideration to be received, including transaction costs if material. Receivables are subsequently valued at the amortised cost price. Provisions for bad debts are deducted from the carrying amount of the receivable.

### Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is carried at nominal value.

## ACCOUNTING POLICIES FOR EQUITY AND LIABILITIES

### Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

## ACCOUNTING POLICIES FOR THE INCOME STATEMENT

### Net revenue

Revenue is recognised upon transfer of control of promised products or services (performance obligations) to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services (transaction price). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Company allocates the transaction price to each distinct performance obligation based on the relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In the absence of such evidence, the primary method used to estimate standalone selling price is the expected cost plus a margin, under which the Company estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services.

**Revenue from time and material and job contracts is recognised as the related services are performed.**

Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.

Revenue from the sale of distinct internally developed software and manufactured systems and third-party software is recognised upfront at the point in time when the system / software is delivered to the customer (performance obligation is fulfilled). In cases where implementation and / or customisation services rendered, revenue against these services recognised over the period of time using proportionate method for measuring performance obligation.

The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue (“contract liability”) is recognised when there is billings in excess of revenues.

**Amortisation, depreciation and impairment**

Intangible assets, including goodwill, are amortised and tangible fixed assets are depreciated over their estimated useful lives as from the moment that they are ready for use. Land and investment property are not depreciated.

| Type of Asset | Useful life |
|---|---:|
| Computers (Hardware and Accessories) | Over the life of project |
| Office Equipment | 5 Years |
| Computer Software | 5 Years |

**Other operating expenses**

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

**Income tax expense**

Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

**Deferred tax**

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The company has recognised the deferred tax asset on unused tax losses based on the reasonable certainty of the generation of future taxable income.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Euro unless otherwise stated)

**Note 3 - Fixed Assets**

| Particulars | Gross Block (at cost) | | | | Accumulated Depreciation | | | | Net Block (at cost) |
|---|---|---|---|---|---|---|---|---|---|
| | **As at 1st April, 2022** | **Additions during the year** | **Disposals during the year** | **As at March 31, 2023** | **As at 1st April, 2022** | **For the year** | **On disposal for the year** | **As at March 31, 2023** | **As at March 31, 2023** |
| **A. Tangible Assets** | | | | | | | | | |
| **I. Fixed Intangible assets** | | | | | | | | | |
| Concession, licenses and intellectual property rights | 29,813 | - | - | 29,813 | 26,091 | 930 | - | 27,021 | 2,791 |
| **II. Fixed Tangible assets** | | | | | | | | | |
| Other operating fixed assets | 908,309 | 246,452 | - | 1,154,760 | 431,188 | 224,166 | - | 655,354 | 499,407 |
| **Sub-Total** | **938,122** | **246,452** | **-** | **1,184,573** | **457,279** | **225,096** | **-** | **682,375** | **502,198** |

*There is no impairment on Fixed Asset during the year and there are no restrictions regarding the free disposal of the assets

| II. **Particulars** | **As at March 31,2023** | As at March 31,2022 |
|---|---|---|
| tangible fixed assets under construction and prepayments on Tangible fixed Assets | **705,273** | 240,319 |
| | **705,273** | 240,319 |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in Euro unless otherwise stated)

**Note 4 - Fixed Financial Assets :**

| **Particulars** | **As at March 31,2023** | As at March 31,2022 |
|---|---|---|
| **Participation in group Companies :** | | |
| Comviva Technologies (Argentina) S.A. | **-** | 4,922,169 |
| Comviva Technologies Do Brasil Indústria, Comércio, Importação E Exportação LTDA | **230,059** | 2,807,975 |
| Investments in Columbia | **118,973** | 118,973 |
| Investment in Comviva International Netherlands BV | **6,600,000** | - |
| Investment in Comviva Technologies (Australia) Pty Ltd | **6,793** | 6,793 |
| **Total** | **6,955,825** | 7,855,910 |
| **Receivable from group companies :** | | |
| Comviva Technologies Do Brasil Indústria, Comércio, Importação E Exportação LTDA | **-** | 157,839 |
| Comviva Technologies (Argentina) S.A. | **-** | 450,969 |
| Comviva Technologies(Australia) Pty. Ltd. | **1,868,284** | 2,283,716 |
| Comviva Technologies FZ LLC | **2,758,277** | - |
| **Total** | **4,626,561** | 2,892,524 |
| **Total** | **11,582,386** | 10,748,434 |

| **Name of Entity and Repayment Terms** | **Loan Amount(USD)** | **Rate of Interest** |
|---|---|---|
| Comviva Technologies (Argentina) S.A. (Repayable on 13th December 2023) | **500,000** | 6M Libor + 2% |
| Comviva Technologies(Australia) Pty. Ltd. (Repayable before 31st March 2025) | **2,032,012** | 3M Libor + 2% |
| Comviva Technologies FZ LLC (3 years from date of disbursement) | **3,000,000** | 3M Libor + 2% |

**Movement in participation in group companies can be broken down as follows :**

| | |
|---|---|
| Comviva International Netherlands BV | |
| Carrying value April 1, 2022 | - |
| Additions for the year | 6,600,000 |
| Carrying value March 31, 2023 | **6,600,000** |
| Comviva Technologies (Argentina) S.A. | |
| Carrying value April 1, 2022 | 4,922,169 |
| Less : Provision for Impairment Loss | 4,922,169 |
| Carrying value March 31, 2023 | **-** |
| Comviva Technologies Do Brasil Indústria, Comércio, Importação E Exportação LTDA | |
| Carrying value April 1, 2022 | 2,807,975 |
| Less : Provision for Impairment Loss | 2,577,917 |
| Carrying value March 31, 2023 | **230,059** |
| Comviva Technologies(Australia) Pty. Ltd. | |
| Carrying value April 1, 2022 | 6,793 |
| Additions for the year | - |
| Carrying value March 31, 2023 | **6,793** |

**Note 5 - Receivables :**

| Particulars | As at March 31,2023 | As at March 31,2022 |
|---|---|---|
| **Trade debtors** | | |
| Trade debtors falling due within 1 year | **6,773,323** | 4,086,585 |
| Receivables falling due after 1 year | **-** | - |
| Less: Provision bad debts | **(678,622)** | (387,778) |
| **Total** | **6,094,701** | 3,698,807 |
| **Shareholders and participating interests** | | |
| Dues from subsidiary companies | **1,121,457** | 922,778 |
| Loan Receivable from subsidiary Companies(Refer Note 4) | **459,713** | - |
| Trade debtors from Participating companies | **1,788,617** | 1,572,397 |
| Contract Asset from Participating companies | **250,130** | - |
| **Total** | **3,619,917** | 2,495,175 |
| **Group Companies** | | |
| Trade debtors from Group companies | **579,001** | 368,232 |
| Contract Asset from Group companies | **1,243,275** | 1,508,340 |
| **Total** | **1,822,276** | 1,876,572 |
| **Other receivables** | | |
| Advance Income Tax | **1,698,861** | 981,565 |
| Deferred Tax Asset | **469,628** | 322,334 |
| Tax receivables | **32,683** | 6,448 |
| Contract assets | **2,864,680** | 3,132,747 |
| Prepaid Expenses | **134,657** | 257,739 |
| Other Imprests | **7,938** | 30,561 |
| **Total** | **5,208,447** | 4,731,394 |

**Note 5 - Receivables :**

| Particulars | As at March 31,2023 | As at March 31,2022 |
|---|---|---|
| **Remittances in transit** | **343,280** | - |
| Balances with banks: | | |
| - In current accounts | **1,750,171** | 1,027,766 |
| **Total** | **2,093,451** | 1,027,766 |

* There are no restrictions in cash and cash equivalents

**Movements in Financial Assets:**

| **Particulars** | **Participation in group companies** | **Receivables from shareholders and participating interests** | **Trade Debtors** | **Receivables from group companies** | **Other receivables** | **Total** |
|---|---|---|---|---|---|---|
| Carrying value April 1,2022 | 7,855,910 | 2,495,175 | 3,698,807 | 4,769,096 | 4,731,394 | 23,550,381 |
| Movement in FY 22-23 | | | | | | |
| - Additions (net of exchange difference) | 6,600,000 | 1,124,742 | 2,395,894 | 1,679,741 | 477,053 | 12,277,430 |
| - Impairment | (7,500,086) | | | - | - | (7,500,086) |
| Carrying value March 31,2023 | 6,955,825 | 3,619,917 | 6,094,701 | 6,448,837 | 5,208,447 | 28,327,726 |

Overview of Participating interest:

Comviva Technologies B.V. has direct interest in following :

| **Name of Entity** | **% share capital** | **Additional information** |
|---|---|---|
| Comviva Technologies (Argentina) S.A. | 99.96% | Recognised at cost less impairment |
| Comviva Technologies Do Brasil Indústria, Comércio, Importação E Exportação LTDA | 99.96% | Recognised at cost less impairment |
| Comviva Technology Columbia S.A.S | 100 | Recognised at cost |
| Comviva Technologies (Australia) Pty Ltd | 100 | Recognised at cost |
| Comviva International Netherlands BV | 100 | Recognised at cost |

Note 7 - Share capital paid up and called up :

| **Particulars** | **As at March 31, 2023** | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **Number** | **Amount in Euro** | Number | Amount in Euro |
| **(a) Authorised :** | | | | |
| Equity shares of Euro 1 each | **22,138,790** | **22,138,790** | 19,055,090 | 19,055,090 |
| **(b) Issued, subscribed and fully paid up :** | | | | |
| Equity shares of Euro 1 each fully paid up | **22,138,790** | **22,138,790** | 19,055,090 | 19,055,090 |
| **Total** | **22,138,790** | **22,138,790** | 19,055,090 | 19,055,090 |

**Note 8 - Share premium (paid-in-surplus) :**

| **Particulars** | **As at March 31,2023** | As at March 31,2022 |
|---|---|---|
| **Share premium -** | | |
| Opening balance | **-** | - |
| Add: Additions | **3,916,300** | - |
| Closing balance | **3,916,300** | - |

**Note 9 - Retained Earnings :**

| Particulars | As at March 31,2023 | As at March 31,2022 |
|---|---|---|
| Opening balance | **(709,266)** | (5,342,140) |
| Add: profit /(loss) for the year | **(7,773,131)** | 4,632,874 |
| Closing balance | **(8,482,397)** | (709,266) |

**Note 10 - Other Reserves :**

| Particulars | As at March 31,2023 | As at March 31,2022 |
|---|---|---|
| Opening balance | **(1,638,520)** | (1,638,520) |
| Closing balance | **(1,638,520)** | (1,638,520) |

**Share Capital**

The issued share capital of Comviva Technologies B.V. amounts to EUR 22,138,790, divided into 22,138,790 ordinary shares of par value EUR 1 each.

During ther year there was no acquisition and disposal of shares, or pledging as collateral.

**Note 11 - Liabilities:**

| Particulars | As at March 31,2023 | As at March 31,2022 |
|---|---|---|
| Long Term Liabilities | | |
| -Others | **96,653** | 12,376 |
| | **96,653** | 12,376 |

| Particulars | As at March 31,2023 | As at March 31,2022 |
|---|---|---|
| Trade Creditors | **2,303,361** | 113,200 |
| **Total** | **2,303,361** | 113,200 |

| Particulars | As at March 31,2023 | As at March 31,2022 |
|---|---|---|
| Payable to Group Companies | | |
| Amount due to group companies | **7,000** | - |
| Deferred Revenue to group companies | **369,060** | 377,700 |
| Provision for Expenses to group companies | **86,995** | - |
| **Total** | **463,055** | 377,700 |

| Particulars | As at March 31,2023 | As at March 31,2022 |
|---|---|---|
| Payable to Shareholders and Participating Companies | | |
| Amount due to shareholders and participating interests | **5,369,134** | 1,738,909 |
| Provision for Expenses to participating interests | **5,462,100** | 4,899,794 |
| **Total** | **10,831,234** | 6,638,703 |

| **Particulars** | **As at March 31,2023** | As at March 31,2022 |
|---|---|---|
| Other Liabilities | | |
| Deferred Revenue | **35,203** | 251,288 |
| Provision for Expenses | | |
| - Pension | **-** | - |
| - Statutory dues payable | **16,191** | - |
| - others | **1,948,779** | 1,198,739 |
| **Total** | **2,000,173** | 1,450,027 |

**Note 12 - Note to Income statement :**

| **Revenue and Gross Margin (Excluding Discontinuing operations)** | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Net Revenue | **17,001,582** | 10,550,790 |

Analysis of net turnover by

- **Business Categories**

  The company is engaged in the business of mobility solutions and IT services. As per internal reporting to management, the 'Chief Operating Decision Maker' (CODM) considers entire business as single operating segment. There are two customers that account for more than 10% of revenue.

- **Geographical Markets.**

  The geographical information analyses the company's revenue by the company's country of domicile (i.e. Netherlands) and outside Netherlands (i.e. Rest of world) presenting geographical information. Segment revenue has been presented on the geographic location of customers.

| **Particulars** | **For the year ended March 31, 2023** | | |
|---|---|---|---|
| | **Netherlands** | **Rest of the world** | **Total** |
| Revenue from continuing operations | 261,529 | 16,740,054 | 17,001,582 |
| Revenue from discontinuing operations | - | 606,613 | 606,613 |

| **Particulars** | **For the year ended March 31, 2022** | | |
|---|---|---|---|
| | **Netherlands** | **Rest of the world** | **Total** |
| Revenue from continuing operations | - | 10,550,790 | 10,550,790 |
| Revenue from discontinuing operations | - | 2,929,093 | 2,929,093 |

| | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Net Revenue | **17,001,582** | 10,550,790 |
| Cost of Sales | **15,018,312** | 6,362,553 |
| **Gross Margin** | **1,983,270** | 4,188,237 |
| **Employee Benefit Expenses** | | |
| Wages and salaries | **234,719** | 53,352 |
| Social Employers Contribution | **10,773** | - |
| Pension costs | **-** | - |
| Other Employee Benefit | **286,459** | 1,655 |
| | **531,951** | 55,007 |
| Other Sales Related Expenses | **359,500** | 840,329 |
| **Sales Related Expense** | **891,451** | 895,336 |
| **Administrative expenses** | **239,848** | 166,612 |
| **Total** | **1,131,299** | 1,061,948 |

| **Income from receivables included in fixed assets and from investments** | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Interest income from group companies | **270,638** | 128,160 |
| Interest income from other parties | **15,201** | - |
| Foreign currency exchange difference | **-** | 1,102,971 |
| **Total** | **285,839** | 1,231,131 |

| **Changes in value of receivables included in fixed assets and of investments** | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Impairment Loss on Comviva Technologies (Argentina) S.A. | **4,922,169** | - |
| Impairment Loss on Comviva Technologies Do Brasil Indústria, Comércio, Importação E Exportação LTDA | **2,577,917** | - |
| **Total** | **7,500,086** | - |

| **Interest expense and similar charge** | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Interest expense from group companies | **-** | 3,910 |
| Interest Expense LTIP Provision - Long Term | **29,984** | - |
| Foreign currency exchange difference | **205,573** | |
| Interest expense - Credit institutions | **-** | 38,041 |
| **Total** | **235,557** | 41,951 |

| **Taxation** | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Income tax expense/(credit) for current financial year | | |
| Current tax | **-** | - |
| Deferred tax | **(147,294)** | 450,050 |
| **Total** | **(147,294)** | 450,050 |

**Note 13 - Other Notes :**

Employees

The average number of employees during the year, converted to full-time equivalents, was as follows:

| Average number of employees during the period | 2022/23 | 2021/22 |
|---|---|---|
| Active within the Netherlands | 2 | 1 |

**14. Financial Instruments**

The company's Board of Directors have an overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are established to identify and analyze the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

**I] Financial Risk Management**

**Financial Risk Factors**

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. The primary market risk to the company is foreign exchange risk. The company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

**(i) Market Risk**

Market risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

**Foreign currency exchange rate risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss , where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar,Others against the respective functional currency of the company.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 10% against the respective functional currency of the company.

The carrying amounts of the company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are as follows:

| **Particulars** | **Currency** | **2022-23** | 2021-22 |
|---|---|---|---|
| Financial assets | USD | **10,426,268** | 7,096,501 |
| | Others | **3,695,404** | 3,024,344 |
| Financial liabilities | USD | **7,541,704** | 3,110,681 |
| | Others | **651,432** | 1,347,034 |

**Forex sensitivity analysis:**

A reasonably possible strengthening by 10% of USD against the EURO as at March 31, 2023 and March 31, 2022 will affect the statement of profit and loss by the amounts shown below:

| Currency | 2022-23 | 2021-22 |
|---|---|---|
| USD | **288,456** | 398,582 |
| Others | **304,397** | 167,731 |

**(ii) Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled revenue, investments, cash and cash equivalents . None of the financial instruments of the company result in material concentration of credit risk.

Credit risk on cash and cash equivalents is limited as the company generally keeps money with banks with high credit ratings assigned by international and domestic credit rating agencies.

**Credit Risk Exposure**

The carrying amount of financial assets represents the maximum credit exposure.

**(iii) Liquidity Risk**

Liquidity risk refers to the risk that the company cannot meet its financial obligation. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

**Capital management**

The Company's objective while managing capital is to safeguard its ability to continue as a going concern (so that it is enabled to provide returns and create value for its shareholders, and benefits for other stakeholders), support business stability and growth, ensure adherence to the restrictions imposed by lenders and / or relevant laws and regulations, and maintain an optimal and efficient capital structure so as to reduce the cost of capital. However, the key objective of the Company's capital management is to, ensure that it maintains a stable capital structure with the focus on total equity, creditor and customer confidence, and ensure future development of its business activities and appropriate return to shareholders in terms of dividend payout. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements.

**Note 15**

There are no Contingencies or commitments not reflected in the balance sheet.

**Note 16**

**PROFIT APPROPRIATION**

Proposed appropriation of the results

The board of directors proposes, with the approval of the supervisory board, that the result for the financial year 2022/2023 amounting to € -77,73,131(previous year € 46,32,874) should be transferred to reserves without payment of dividend.

**Note 17**

**SEGMENT REPORTING**

The Company's activities during the year revolve around business of mobility solutions and IT services. Considering the nature of the Company's business, as well as based on reviews by the chief operating decision maker to make decisions about resource allocation and performance measurement, there is only one reportable segment.

Management believes it is currently not practicable to bifurcate the assets based on geographies. Hence, no disclosure is provided for the same

**Note 18**

**TAXATION**

The current tax rate applicable to the company is 19% upto income of Euros 2,00,000 and thereafter 25.8% for greater than Euros 2,00,000.There are losses during the year hence no provision for tax made during the year.

**Note 19**

**Events after the reporting period**

There are no subsequent events after the reporting period affecting the financial statements.

**Note 20**

Previous year figures have beeen regrouped / reclassified wherever considered necessary to confirm to the presentation of current year financial statements.

| | |
|---|---|
| **Gaurav Satish Godbole** | **Sandeep Phadke** |
| Managing Director | Managing Director |

# COMVIVA TECHNOLOGIES DO BRASIL INDÚSTRIA, COMÉRCIO, IMPORTAÇÃO E EXPORTAÇÃO LTDA

**Directors:**

Anil Murlidar Joshi (resigned w.e.f February 07, 2023)

Alexandre de Castro (resigned w.e.f February 07, 2023)

Murali Mohan Reddy Methuku (appointed w.e.f February 07, 2023)

**Registered No:**

01.808.076/0001-00

**Registered Office:**

Alameda Santos, 2441 - 2o andar, Bairro Cerqueira Cesar, CEP 01.419-002, na Cidade e Estado Sao Paulo

# DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2022

The Directors submit their report together with the Audited Financials of Comviva Technologies do Brasil Indústria, Comércio, Importação e Exportação Ltda ("The Company"), for the year ended 31st December, 2022.

**Principal Activity**

The principal activities are providing information technology services and telecommunication solutions.

**Review of Business**

The results for the year are set out on page herein of the financial statements.

**Directors**

The following Directors served during the year ended 31st December, 2022:

1. Anil Murlidar Joshi (resigned w.e.f February 07, 2023)
2. Alexandre de Castro (resigned w.e.f February 07, 2023)
3. Murali Mohan Reddy Methuku (appointed w.e.f February 07, 2023)

On behalf of the Board of Directors,

**Murali Mohan Reddy Methuku**
**Director**

25th May 2023

# INDEPENDENT AUDITORS' REPORT

(Free translation from the original issued in Portuguese. In the event of discrepancy, the Portuguese language version prevails. See Note 20 to the financial statements)

To:

Management and Shareholders of

**Comviva Technologido Brasil Indústria, Comércio, Importação e Exportação Ltda.**

São Paulo - SP

**Opinion**

We have audited the financial statements of Comviva Technologies do Brasil Indústria, Comércio, Importação e Exportação Ltda ("Company"), which comprise the balance sheet as of December 31, 2022, and the related income statements, comprehensive income, changes in net equity and cash flows for the year then ended, as well as the related explanatory notes, including summary of major accounting policies.

In our opinion, the financial statements fairly present, in all material respects, the Company's financial position as of December 31, 2022, the performance of its operations and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil, applicable to Small and Medium Enterprises (CPC PME).

**Basis for our opinion**

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities, in accordance with such standards, are described in the following section entitled "Responsibilities of the Auditor for the Audit of Financial Statements." We are independent in relation to the Company, in accordance with the relevant ethical principles set forth in the Code of Ethics for Professional Accountants and in the professional norms issued by the Federal Accounting Council, and we comply with the other ethical responsibilities according to these norms. We believe that the audit evidence we have obtained is sufficient and appropriate to substantiate our opinion.

**Management and governance responsibilities of the financial statements**

Management is responsible for the preparation of the financial statements in accordance with the accounting practices adopted in Brazil applicable to Small and Medium Enterprises – SMEs – and for the internal controls that it has determined to be necessary to enable the preparation of financial statements free from material misstatement, whether caused by fraud or error.

In the preparation of financial statements, management is responsible for evaluating the Company's ability to continue operating, disclosing, when applicable, matters related to its operational continuity and the use of this accounting basis in the preparation of the financial statements, unless Management intends to liquidate the Company or cease its operations, or has no realistic alternative to avoid closing the operations.

Those responsible for the governance of the Company are those responsible for supervising the process of preparing the financial statements.

**Responsibilities of the Auditor for the Audit of Financial Statements**

Our objectives are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and issue an audit report containing our opinion. Reasonable safety is a high level of safety, but not a guarantee that the audit conducted in accordance with Brazilian and international auditing standards always detect any relevant distortions. Distortions may be caused due to fraud or error and are considered relevant when, individually or together, they can influence, from a reasonable perspective, the economic decisions of users taken based on said financial statements.

As part of the audit performed, in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Besides that:

- We identify and evaluate the risks of material misstatement in the financial statements, whether caused by fraud or error; we plan and perform audit procedures in response to such risks, and we obtain audit evidence appropriate and sufficient to substantiate our opinion. The risk of not detecting material misstatement resulting from fraud is greater than that of error, since fraud may involve the act of circumventing internal controls, collusion, forgery, omission, or false intentional representations.

- We obtain an understanding of the internal controls relevant to the audit to plan appropriate audit procedures in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

- We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by management.

  We conclude on the adequacy of management's use of the accounting basis for operational continuity and, based on the audit evidence obtained, whether there is a material uncertainty regarding events or conditions that may raise significant doubt regarding the capacity for operational continuity from the company. If we conclude that there is material uncertainty, we should draw attention in our audit report to the respective disclosures in the financial statements or include any change in our opinion if the disclosures are inadequate. Our findings are based on audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to no longer remain in operational continuity.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those responsible for governance regarding, inter alia, the planned scope, timing of the audit and significant audit findings, including any significant weaknesses in internal controls that we have identified during our work.

São Paulo, April 24, 2023.

Valdomiro Silva Bento Junior

Accountant CRC 1SP-238.249/O-9

RSM Brasil Auditores Independentes – Sociedade Simples

CRC 2SP-030.002/O-7

# BALANCE SHEETS AS OF DECEMBER 31, 2022 AND 2021

(Amounts in thousands of Brazilian Reais)

**ASSETS**

| | Notes | 2022 | 2021 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 3 | **3,282** | 1,155 |
| Trade accounts receivable | 4 | **11,744** | 10,581 |
| Inventories | 5 | **146** | 146 |
| Recoverable taxes | 6 | **108** | 508 |
| Other accounts receivables | - | **122** | 93 |
| **Total current assets** | | **15,401** | 12,483 |
| **Non current assets** | | | |
| Judicial Deposits | 7 | **59** | 35 |
| Fixed assets, net | 8 | **104** | 49 |
| Intangible assets, net | 8 | **-** | 4 |
| **Total non current assets** | | **163** | 88 |
| **Total assets** | | **15,564** | 12,571 |

**The accompanying notes are an integral part of these financial statements.**

# BALANCE SHEETS AS OF DECEMBER 31, 2022 AND 2021

(Amounts in thousands of Brazilian Reais)

**LIABILITIES AND SHAREHOLDERS' EQUITY**

| | Notes | **2022** | 2021 |
|---|---|---|---|
| **Current liabilities** | | | |
| Loans and financing | - | **-** | 23 |
| Loans with related parties | 12.2 | **968** | - |
| Accounts payable - Intercompany | 12.1 | **6,882** | 4,475 |
| Trade accounts payable | 9 | **737** | 476 |
| Labor and tax liabilities | 10 | **1,025** | 2,372 |
| Other accounts payable | - | **923** | 280 |
| Provision for expenses | - | **29** | 112 |
| Provision for services | - | **1,265** | 2,655 |
| Customer guarantee | - | **176** | 359 |
| Provisions for gratuities payable | - | **351** | 538 |
| **Total current liabilities** | | **12,355** | 11,290 |
| | | | |
| **Non current liabilities** | | | |
| Loans with related parties | 12.2 | **-** | 1,425 |
| Customer guarantee | - | **126** | - |
| Total non-current liabilities | | **126** | 1,425 |
| | | | |
| **Shareholders' equity** | | | |
| Capital paid-in | 13 | **12,445** | 11,162 |
| Accumulated losses | - | **(9,362)** | (11,306) |
| | | **3,083** | (144) |
| | | | |
| **Total liabilities and shareholders' equity** | | **15,564** | 12,571 |

**The accompanying notes are an integral part of these financial statements.**

# STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Amounts in thousands of Brazilian Reais)

| | Notes | 2022 | 2021 |
|---|---|---|---|
| Net revenue from sales and services | 14 | **17,869** | 16,306 |
| Cost of services rendered and goods sold | 15 | **(10,064)** | (12,306) |
| Gross profit | | **7,805** | 4,000 |
| **Operating revenues/ (expenses):** | | | |
| Administrative, selling and general | 16 | **(5,660)** | (5,399) |
| Other operating revenues/ (expenses) | - | **-** | 68 |
| **Operating income before financial income - Profit (loss)** | | **2,145** | (1,331) |
| Financial revenues | 17 | **1,902** | 427 |
| Financial expenses | 17 | **(1,670)** | (1,144) |
| **Financial result** | | **231** | (717) |
| **Profit (Loss) before income and social contribution taxes** | | **2,377** | (2,048) |
| Income and Social Contribution Taxes | - | **(433)** | - |
| **Net Profit (Loss) for the year** | | **1,944** | (2,048) |
| Other comprehensive income | - | **-** | - |
| **Comprehensive income for the year** | | **1,944** | (2,048) |

**The accompanying notes are an integral part of these financial statements.**

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Amounts in thousands of Brazilian Reais)

| | Notes | Capital paid-in | Income reserve | Total |
|---|---|---|---|---|
| **Balances as of December 31, 2020** | | **11,162** | **(9,258)** | **1,904** |
| Net loss for the year | - | | (2,048) | (2,048) |
| **Balances as of December 31, 2021** | | **11,162** | **(11,306)** | **(144)** |
| Net income for the year | | - | 1,944 | 1,944 |
| Capital increase | | 1,283 | - | 1,283 |
| **Balances as of December 31, 2022** | | **12,445** | **(9,362)** | **3,083** |

**The accompanying notes are an integral part of these financial statements.**

# STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Amounts in thousands of Brazilian Reais)

| | **2022** | 2021 |
|---|---|---|
| **From operating activities** | | |
| Net income (Loss) for the year | **2,377** | (2,048) |
| **Adjustments to reconcile income (loss) to cash and cash equivalents generated by operating activities:** | | |
| Depreciation and amortization | **36** | (336) |
| Provisions for contingencies | **-** | (46) |
| **Variation in operating assets and liabilities** | | |
| **Assets** | | |
| Trade accounts receivable | **(1,163)** | (5,619) |
| Inventories | **-** | 470 |
| Recoverable taxes | **400** | (47) |
| Other receivables | **(29)** | 34 |
| Judicial deposits | **(24)** | - |
| **Liabilities** | | |
| Accounts payable to related parties | **2,407** | 2,335 |
| Trade accounts payable | **261** | 371 |
| Labor and tax liabilities | **(1,347)** | 1,335 |
| Other accounts payable | **643** | 100 |
| Provision for expenses | **(84)** | 85 |
| Provision of services | **(1,390)** | 2,606 |
| Customer guarantee | **(57)** | (412) |
| Provisions for Bonuses Payable | **(187)** | 119 |
| **Cash provided by (used in) operating activities** | **1,844** | (1,053) |
| Income and Social Contribution Taxes | **(433)** | - |
| **Net cash provided by (used in) operating activities** | **1,411** | (1,053) |
| **Cash flows from investing activities** | | |
| Movement fixed assets | **(87)** | 392 |
| **Net cash provided by (used in) investing activities** | **(87)** | 392 |
| Loans from financial institutions | **(23)** | 22 |
| **Cash flows from financing activities with shareholders** | **(23)** | 22 |
| Loans with related parties | **(457)** | 1,425 |
| Capital increase | **1,283** | - |
| Net cash provided by in financing activities with shareholders | **826** | 1,425 |
| Increase in cash and cash equivalents, net | **2,127** | 786 |
| At beginning of year | **1,155** | 369 |
| At end of year | **3,282** | 1,155 |
| **Increase in cash and cash equivalents, net** | **2,127** | 786 |

**The accompanying notes are an integral part of these financial statements.**

## 1. Company information

The Company located at Alameda Santos nº 2441, 2º floor – Cerqueira Cesar is engaged in assembly of equipment for radiotelephony, telephony, IT communications and in general; sales, import and export of machinery, tools, implements and accessories for radiotelephony, telephony, IT communication and in general; development, programming, implementation and maintenance of software; IT consulting service; equipment rent; and representation of domestic and foreign companies by its own or third-party behalf.

## 2. Accounting policies

These financial statements were approved by the Company's executive board on April 24, 2023, considering subsequent events to date.

### 2.1. Conformity declaration

The financial statements were prepared in accordance with accounting practices adopted in Brazil, which cover corporate law, Pronouncements, Guidelines and Interpretations issued by the Accounting Pronouncements Committee (CPCs) and the standards issued by the Federal Accounting Council, applicable to Small and Medium Enterprises (CPC PME).

### 2.2. Measurement basis

The financial statements have been prepared on a historical cost basis, unless otherwise stated.

### 2.3. Functional currency and presentation currency

The financial statements are presented in Brazilian reais, which is the Company's functional currency.

### 2.4. Use of estimates and judgments

The preparation of the financial statements in accordance with the accounting practices adopted in Brazil requires the use of certain accounting estimates and the exercise of judgment by the Company's Management, in the process of applying the accounting policies. Therefore, actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis and such reviews are recognized in the period in which they are reviewed and in any affected future years.

Information on uncertainties, assumptions and estimates that have a significant risk of resulting in a material adjustment within the next financial year is mainly included in the explanatory notes:

Explanatory note no. 04 – Provision for losses in the recoverable value of accounts receivable Explanatory note no. 05 – Provision for losses due to obsolescence or low inventory turnover Explanatory note no. 08 - Useful life of assets and depreciation

Explanatory note no. 11 – Provision for contingencies Explanatory note no. 14 – Revenue recognition

### 2.5. Main accounting practices

The accounting policies described below have been applied consistently to all the years presented in these financial statements.

Financial assets and liabilities Financial assets

Financial assets are classified in the following categories: (i) at fair value through other comprehensive income (VJORA); (ii) amortized cost; and (iii) at fair value through profit or loss (VJR). The classification is based both on the entity's business model for managing the financial asset and on the contractual cash flow characteristics of the financial asset.

Financial assets at fair value through comprehensive income

A financial asset is measured at fair value through comprehensive income if it satisfies the "P&J only" criterion, i.e. cash flows that consist exclusively of outstanding principal and interest payments, and that is maintained in a business model. whose objective is achieved both by obtaining contractual cash flows and by selling the financial asset.

Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net income is recognized in “Other comprehensive income”.

**Amortized cost**

These are assets held within the business model, the objective of which is to hold financial assets in order to receive contractual cash flows and, under contractual terms, give rise to cash flows that constitute, exclusively, payment of principal and interest on the amount of the outstanding principal. (Criteria of “P&J only). Amortized cost is reduced by impairment losses. Interest and foreign exchange income and impairment are recognized in income.

**Financial assets at fair value through profit or loss**

A financial asset is measured at fair value through profit or loss when it does not meet the classification criteria of the other previous categories or when, on initial recognition, it is designated to eliminate or reduce accounting mismatch. Derivative financial assets are included in this category. The result, including interest or dividend income, is recognized in profit or loss.

**Financial liabilities**

Financial liabilities are measured at amortized cost.

**Amortized cost**

They are initially measured at fair value, net of transaction costs, and subsequently measured at amortized cost using the effective interest rate method, with interest expenses recognized based on income.

**Financial liabilities at fair value through profit or loss**

Financial liabilities are, by default, measured at amortized cost, except: (i) financial guarantee contracts, (ii) commitments to provide loans with below-market interest rates, (iii) financial liabilities that arise when the asset is transferred financial institution does not qualify for derecognition or where the continuing involvement approach is applicable. A financial liability will be measured at fair value through profit or loss, when it eliminates and/or significantly reduces the accounting mismatch or if the liability group is managed at fair value. basically, represented by the individualized analysis of overdue accounts receivable. The outstanding customer receivables are frequently monitored by the executive board. For situations in which realization risks are identified, the full amounts of overdue debts are provisioned.

**Trade accounts receivables**

Accounts receivable from customers are recorded and maintained in the balance sheet at the nominal value of the securities representing these credits and segregated between current and non-current according to maturity. Estimated losses on credits are constituted based on the analysis of trade notes and amounts receivable from customers, in an amount deemed sufficient to cover probable losses upon realization, according to criteria defined by Management (expected loss).

**Inventories - Inputs and Finished Goods**

These are represented by hardware, software, spare parts, accessories and components valued at the lower value between average acquisition cost or net realizable value. The net realizable value is the estimated sales price over the normal course of operations, less cost of sales.

Property, plant and equipment Recognition and measurement

Property, plant and equipment items are measured at historical acquisition or construction cost, less accumulated depreciation.

Cost includes expenses that are directly attributable to the acquisition of an asset. The cost of assets built by the Company itself includes: (i) the cost of materials and direct labor; (ii) any other costs to bring the asset to the location and condition necessary for it to be able to operate in the manner intended by management; (iii) the costs of dismantling and restoring the site where these assets are located.

Purchased software that is an integral part of the functionality of a piece of equipment is capitalized as part of that piece of equipment.

Gains and losses on the disposal of an item of property, plant and equipment are determined by comparing the proceeds from the disposal with the book value of the property, plant and equipment, and are recognized net within other income in the income statement.

**Subsequent costs**

The replacement cost of a component of property, plant and equipment is recognized in the carrying amount of the item, if it is probable that the economic benefits embodied within the component will flow to the Company and its cost can be measured reliably. The carrying amount of the component that has been replaced by another is written off. The day-to-day maintenance costs of property, plant and equipment are recognized in income as incurred.

**Depreciation**

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, as this method most closely reflects the pattern of consumption of future economic benefits embodied in the asset. Land is not depreciated.

Property, plant and equipment items are depreciated from the month following the date they are installed and available for use, or, in the case of internally constructed assets, from the day the construction is completed, and the asset is available for use.

Depreciation methods, useful lives and residual values are reviewed at each end of the financial year as long as there are significant changes in relation to variables that may alter the useful lives of the assets and the subsequent measurement of the assets, and any adjustments will be recognized as change in accounting estimates.

Evaluation of the recoverable value of non-financial assets (impairment test)

Management annually reviews the net book value of its main assets in order to assess events or changes in economic, operating or technological circumstances that may indicate deterioration or loss of their recoverable value. When this evidence is identified and the net book value exceeds the recoverable amount, a provision for impairment is set up, adjusting the net book value to the recoverable amount.

**Other assets**

Other current and non-current assets are stated at net realizable value.

**Trade accounts payable**

They are initially recognized at fair value and subsequently added, when applicable, by the corresponding charges and monetary and exchange variations incurred up to the closing dates of the financial statements. Accounts payable to suppliers are obligations for goods or services acquired in the normal course of operations, being classified as current liabilities if payment is made within a period of less than one year (or in the normal business cycle, albeit longer). Otherwise, these balances are presented as non-current liabilities.

**Provisions (including provision for lawsuits)**

Provisions are recognized for present liabilities or risks resulting from past events, in which it is possible to estimate the amounts reliably and whose disbursement is probable. The amount recognized as a provision is the best estimate of the considerations required to settle the obligation at the end of each year or period, considering the risks and uncertainties related to the obligation.

Provisions are made for all claims relating to legal proceedings for which, as a result of past events, it is probable that an outflow of resources will be made to settle the claim and a reasonable estimate can be made. The assessment of the probability of loss includes the assessment of available deficiencies, the hierarchy of laws, available jurisprudence, the most recent decisions in the courts and their relevance in the legal system, as well as the assessment of external lawyers.

Provisions are reviewed and adjusted to take account of changes in circumstances, such as applicable statute of limitations, conclusions of tax inspections or additional exposures identified based on new matters or court decisions. Actual results may differ from Management’s estimates.

Contingent liabilities assessed as possible losses are only disclosed in an explanatory note and contingent liabilities assessed as remote losses are neither provisioned nor disclosed. Contingent assets are only recognized when there are real guarantees or favorable court decisions, which have become final and unappealable. Contingent assets with probable successes are only disclosed in an explanatory note.

**Employee benefits**

Salaries and benefits granted to the Company's employees and managers include fixed remuneration (salaries, INSS, FGTS, vacations, 13th salary, among others). These benefits are recorded in income for the year as they are incurred.

**Current and deferred income and social contribution taxes for the period**

The current and deferred income and social contribution taxes are recognized as expense or revenue in income (loss) for the year, except when it refers to items recorded under other comprehensive income (loss), or directly in shareholders' equity; hypothesis in which current and deferred taxes are also recognized under other comprehensive income (loss) or directly in shareholders' equity, respectively.

**Revenue recognition**

Revenue from product sales and services rendered is recognized in accordance with NBCTG 47 – Revenue from customer contracts, establishing a five-step model to determine the measurement of revenue and when and how it will be recognized. Accordingly, the Company recognizes revenue when: (1) there is a contract with the customer; (2) performance obligations to be met in connection with the contract (products to be delivered to customers) are identified; (3) measurement of contract value; (4) allocation of contract value to related performance obligations; (5) Determining the timing of revenue recognition (generally by transferring the risks and benefits of ownership of the products, upon shipment and issuance of sales invoices, taking into account incoterms). These criteria are considered met when the goods are transferred to the buyer, respecting the main freight modalities practiced by the Company.

Revenue is shown net of applicable taxes, returns, rebates and discounts.

**Financial income**

Financial income basically comprises interest from financial investments, interest and discounts received, which are recorded through profit or loss for the year.

**Financial expenses**

Financial expenses basically comprise interest on financial liabilities. Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in income for the year based on the effective interest rate method.

**Statements of cash flows**

The statements of cash flows were prepared using the indirect method and are being presented in accordance with pronouncement CPC 03 (R2) – Statement of cash flows.

## 3. Cash and cash equivalents

| Description | 2022 | 2021 |
|---|---|---|
| Cash | **8** | 10 |
| Deposits in bank accounts | **448** | 1,145 |
| Short term investments | **2,826** | - |
| | **3,282** | 1,155 |

Financial investments are short term, highly liquid, readily convertible into a known cash amount and subject to an immaterial risk of changes in value. They mainly bear interest at rates intended to reach the variation of CDI (Interbank Deposit Rate), made with top tier banks, at usual rates and under normal market conditions.

## 4. Trade accounts receivable

| Description | 2022 | 2021 |
|---|---|---|
| Trade accounts receivable | **11,839** | 11,190 |
| (-) Allowance for doubtful accounts | **(95)** | (609) |
| **Total** | **11,744** | 10,581 |

The opening of the balance receivable from customers for their maturities is shown as follows:

| Description | 2022 | 2021 |
|---|---|---|
| **On date** | | |
| after 31 days | **3,448** | 9,273 |
| from 1 to 30 days | **1,657** | 246 |
| **Overdue** | | |
| from 1 to 30 days | **166** | 197 |
| from 31 to 60 days | **3,984** | - |
| from 181 to 360 days | **396** | - |
| more than 361 days | **2,188** | 1,474 |
| | **11,839** | 11,190 |

Sales policies for customers are subject to the credit policies established by Management and aim at minimizing any problems arising from the delinquency of customers.

## 5. Inventories

| Description | 2022 | 2021 |
|---|---|---|
| Merchandise for resale | **146** | 146 |
| | **146** | 146 |

## 6. Recoverable taxes

| Description | 2022 | 2021 |
|---|---|---|
| Tax on the Circulation of Goods and Services VAT (ICMS) | **-** | 34 |
| PIS and COFINS VAT | **29** | - |
| Income taxes | **79** | 246 |
| Deferred tax assets | **-** | 228 |
| | **108** | 508 |

## 7. Judicial deposits

| Description | 2022 | 2021 |
|---|---|---|
| Deposits in guarantee | **59** | 35 |
| | **59** | 35 |

## 8. Fixed assets and Intangible assets, net

**Movements in 2022:**

| | 2022 | Acc depreciation and amortization | | 2021 |
|---|---|---|---|---|
| | Cost | | Net | Net |
| **Furniture and fixtures** | 107 | (105) | 2 | 4 |
| Facilities | 7 | (7) | - | - |
| Leasehold improvements | 136 | (136) | - | - |
| IT equipment | 791 | (689) | 102 | 45 |
| Trademarks and patents | 12 | (12) | - | - |
| Software | 113 | (113) | - | 4 |
| **Total Fixed Assets** | **1,166** | **(1,062)** | **104** | **53** |

**Movements in 2021:**

| | 2022 | Acc depreciation and amortization | | 2021 |
|---|---|---|---|---|
| | Cost | | Net | Net |
| **Furniture and fixtures** | 107 | (103) | 4 | 13 |
| Facilities | 7 | (7) | - | - |
| Leasehold improvements | 136 | (136) | - | - |
| IT equipment | 704 | (659) | 45 | 86 |
| Trademarks and patents | 12 | (12) | - | - |
| Software | 113 | (109) | 4 | 10 |
| **Total Fixed Assets** | **1,079** | **(1,026)** | **53** | **109** |

## 9. Trade accounts payable

| Description | 2022 | 2021 |
|---|---|---|
| Domestic | **620** | 73 |
| Foreign | **54** | 357 |
| Other accounts payable | **63** | 46 |
| **Total** | **737** | 476 |

## 10. Labor and tax liabilities

| Provision for vacation | 2022 | 2021 |
|---|---|---|
| | **521** | 512 |
| Charges on salaries - INSS (Social Security Tax) and FGTS (Severance Pay Fund) | **76** | 85 |
| **IRRF (Withholding income tax) payable** | **128** | 146 |
| **Social security contributions payable** | **90** | 467 |
| **Other labor liabilities** | **64** | 181 |
| **Total labor liabilities** | **879** | 1,391 |

## 10. Labor and tax liabilities

| | 2022 | 2021 |
|---|---|---|
| PIS | **10** | 115 |
| COFINS | **45** | 532 |
| ISS | **58** | 324 |
| Others | **33** | 10 |
| **Total tax liabilities** | **146** | 981 |
| **Total labor and tax liabilities** | **1,025** | 2,372 |

## 11. Provision for contingencies

During the normal course of its business, the Company is exposed to certain contingencies and risks, which include tax, labor and civil proceedings under dispute. As of December 31, 2022, the Company had no lawsuits considered to be of probable loss.

The company has no possible causes of loss as of December 31, 2022.

Other contingencies may result from possible tax inspections, given that the Company's tax books are subject to review and approval by the competent authorities in federal, state or municipal levels, retroactively, for varying periods according to the legislation in effect.

## 12. Related parties

### 12.1 Accounts payable - Intercompany

| **Description** | 2022 | 2021 |
|---|---|---|
| Comviva Technologies B.V | **6,882** | 4,475 |
| | **6,882** | 4,475 |

### 12.2 Loans with related parties:

| **Description** | 2022 | 2021 |
|---|---|---|
| Comviva Technologies B.V | **923** | 1,411 |
| Interest on intercompany loans | **45** | 14 |
| | **968** | 1,425 |

## 13. Shareholders' equity

On March 17, 2022, there was a capital increase in the amount of R$ 1.283.008,00 (amounts expressed in reais), by the partner Comviva Technologies BV, with the consent of the partner Comviva Technologies Limited.

On December 31, 2022, the share capital in the amount of BRL 12.444.670,00 (amounts expressed in reais) is composed of 12,444,670 and shares with a unit value of BRL 1.00 (one real), on December 31, 2021, the share capital share in the amount of BRL R$11.161.662,00 (amounts expressed in reais) is composed of 11,161,662 shares, with a unit value of BRL 1.00 (one real), fully paid up, in national currency, distributed among the members as follows.

| **Shareholders** | **%** | **Number of shares** | **Amount in R$ thousand** |
|---|---|---|---|
| COMVIVA TECHNOLOGIES B.V | 99,96 | 12,439,670 | 12,440 |
| COMVIVA TECHNOLOGIES LIMITED | 0,04 | 5,000 | 5 |
| | **100** | **12,444,670** | **12,445** |

| **Shareholders** | **%** | **Number of shares** | **Amount in R$ thousand** |
|---|---|---|---|
| COMVIVA TECHNOLOGIES B.V | 99,96 | 11,156,662 | 11,157 |
| COMVIVA TECHNOLOGIES LIMITED | 0,04 | 5,000 | 5 |
| | **100** | **11,161,662** | **11,162** |

## 14. Net revenue from sales

| **Gross sales** | **2022** | 2021 |
|---|---|---|
| | **19,496** | 18,230 |
| (-) Sales taxes | **(1,627)** | (1,924) |
| Net revenue | **17,869** | 16,306 |

## 15. Costs of services rendered, and goods sold

| **Wages and salaries** | **2022** | 2021 |
|---|---|---|
| | **(5,513)** | (5,261) |
| Services provided | **(4,526)** | (6,998) |
| Depreciation and amortization | **(25)** | (47) |
| **Total** | **(10,064)** | (12,306) |

## 16. Selling, general and administrative expenses

| **Personnel expenses** | **2022** | 2021 |
|---|---|---|
| | **(3.542)** | (3,847) |
| Selling expenses | **(28)** | (147) |
| Third-party services | **(362)** | (1,168) |
| Other administrative expenses | **(1,728)** | (237) |
| **Total** | **(5,660)** | (5,399) |

## 17. Financial result

| Financial investment returns | **2022** | 2021 |
|---|---|---|
| | **35** | - |
| Other returns | **45** | 13 |
| Foreign exchange variation | **1,822** | 414 |
| **Total financial revenues** | **1,902** | 427 |
| Interest on loans | **(149)** | (255) |
| Exchange rate losses | **(1,468)** | (813) |
| Other financial expenses | **(54)** | (76) |
| **Total financial expenses** | **(1,671)** | (1,144) |
| **Total financial income (loss)** | **231** | (717) |

## 18. Insurance coverage (unaudited)

The Company follows the policy of taking out insurance for civil liability, certain vehicles and other needs in amounts considered sufficient to cover possible losses, considering the nature of its activities and the risk level involved, Given the nature of the risk assumptions adopted, they are not part of the scope of an audit of financial statements and therefore were not reviewed by our independent auditors.

**19. Financial Instruments**

The financial instruments currently used by the Company are restricted to cash and cash equivalents, national accounts receivable and payable, bank loans under normal market conditions and are recognized in the financial statements by the criteria described in Note 2. These instruments are managed through operational strategies aimed at liquidity, profitability and risk minimization. The Company did not make speculative investments, derivatives or any other risky assets. Considering the term and the characteristics of these instruments, the book values approach the fair values.

The Company adopts risk control policies and procedures, as described below:

**(i) Financial risk management policy**

The Company follows the risk management policy, which guides in relation to transactions and requires the diversification of transactions and counterparts. Under this policy, the nature and general position of financial risks are regularly monitored and managed in order to assess the results and the financial impact on cash flow. Credit limits are also periodically reviewed.

The Company's risk management policy has been established by Management and under its terms, market risks are protected when it is considered necessary to support the corporate strategy or when it is necessary to maintain the level of financial flexibility.

**(ii) Capital structure risk (or financial risk)**

It results from the choice between capital (capital contributions and retention of profits) and third party capital that the Company makes to finance its operations. To mitigate liquidity risks and optimize the weighted average cost of capital, the Company continuously monitors and manages indebtedness levels in accordance with its internal policy in order to assess the results and the financial impact on cash flow. Credit limits are also periodically reviewed. The Company's risk management policy has been established by Management and under its terms, market risks are protected when it is considered necessary to support the corporate strategy or when it is necessary to maintain the level of financial flexibility.

**(iii) Credit risk**

The Company's sales policy considers the level of credit risk it is willing to incur in the course of its business. The diversification of its receivables portfolio, the selectivity of its clients, as well as the monitoring of the sales financing deadlines by business segment and individual position limits are procedures adopted to minimize any problems of default in its accounts receivable.

With regard to financial negotiations and other investments, the Company's policy is to work with leading institutions.

**(iv) Liquidity risk**

It is the risk that the Company does not have enough liquid resources to honor its financial commitments due to the mismatch of term or volume between the expected receipts and payments.

To manage the liquidity of the cash assumptions of future disbursements and receipts are established. They are monitored daily by the Management.

**(v) Exchange rate risk**

The Company is exposed to fluctuations in exchange rates, which may increase the balances of liabilities in foreign currency. Therefore, the Company maintains internal controls aimed at capturing these exchange rate variations in its liabilities, so that possible losses can be mitigated.

**(vi) Valuation of financial instruments**

The main active financial instruments and liabilities are described below, as well as the criteria for their valuation:

Cash and cash equivalents

The market value of these assets does not differ from the amounts presented in the financial statements. The agreed rates reflect the usual market conditions.

Accounts receivable and payable (including related parties)

Recorded based on the nominal value of the securities and evaluated by the concept of amortized cost.

Loans from financial institutions e related parties

Recorded based on the nominal value of the securities and evaluated by the concept of amortized cost.

**20. Explanation added to the translation for the English version**

The accompanying financial statements were translated into English from the original Portuguese version prepared for local purposes, Certain accounting practices applied by the Company that conform to those accounting practices adopted in Brazil may not conform to the generally accepted accounting principles in the countries where these financial statements may be used.

## COMVIVA TECHNOLOGIES COLOMBIA S.A.S

**General Manager:**
Sachin Jairath

**Second Alternate of General Manager:**
Ashish Kumar

**Registered No:**
2699703

**Registered Office:**
Cl 98 No. 70 - 91 Ofc 806 Edf.,
Bogota Colombia

# DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2022

The Directors submit their report together with the Audited Financials of Comviva Technologies Colombia S.A.S ("The Company"), for the year ended 31st December, 2022.

**Principal Activity**

The principal activities are providing information technology services and telecommunication solutions.

**Review of Business**

The results for the year are set out on page herein of the financial statements.

**Directors**

The following Directors served during the year:

1. Sachin Jairath

2. Ashish Kumar

On behalf of the Board of Directors,

| | |
|---|---|
| **Sachin Jairath** | **Ashish Kumar** |
| **General Manager** | **Second Alternate of General Manager** |

Date: April 20, 2023

# INDEPENDENT AUDITORS' REPORT

**Reference: Financial Statements Report Opinion**

I have audited the accompanying individual financial statements COMVIVA TECHNOLOGIES COLOMBIA SAS., wihch include the comparative statements of financial position as of December 31st 2022 and December 31st 2021, the income statement, the statement of changes in Owner equity, the statement of cash flows, for the financial period ending on these dates, along with the explanatory notes for the period ending on yhe above date, as well as a summary of relevant accounting policies and other explanatory information

In my opinion, the attached consolidated financial statements faithfully present, in all material aspects, the financial situation of Comviva Technologies Colombia S.A.S., as of December 31st, 2022 and 2021, the individual result and the individual cash flows for the period ending on the above date, in accordance with addendum 2 for group 2 entities in alignment with Single Regulatory Decree 2420 of 2015 and its modifications

**FOUDATION FOR MY OPINION**

I have carried out our audit in line with the International Accounting Procedures – IAP - which are displayed in the technical addendum and updated 4-2019, regarding the Procedures for Information Assurance in the Single Regulatory Decree 2420 of 2015 (modified by Decree 2270 of 2019). Our responsibilities, according to the forementioned rules, are described later in the Responsibilities of the Fiscal reviewer in relation to the financial statements audit section of our report. We act as independent parties, in line with the ethical requirements applicable to our audit. We believe that the audit evidence we have collected provides a sufficient and adequate basis to generate our favorable opinon (clean and with no caveats).

**Management's responsibility regarding the financial statements**

Management is responsible for the preparation and proper presentation of the financial statements in accordance with addendum 2 for group 2 entities in alignment with Single Regulatory Decree 2420 of 2015 and its modifications; and the internal control that Management deems necessary to enable the preparation of the financial statements free of material incorrection, fraud or error.

In the process of preparing the financial statements, management is responsible of evaluating the preparedness of the business to continue in operation, revealing, if need be, the business related issues and using the accounting assumption of an ongoing operation, except if management has the intention to liquidate its assets or cease operations, or point out if no other alternative is feasible.

The responsible business governance management employees are responsible of supervising the trustworthiness of the entities financial information.

**External Auditor´s responsibility regarding financial statements**

My goal is to ensure reasonable assurance that the financial statements as a whole are free of material errors and issue an audit report, that contains our opinion. Regarding reasonable assurance, this conveys a high level of certainty, but doesn't guarantee that an audit process done following the International Standards on Auditing – ISA will always detect a material error if it exists.

On the other hand, these errors could be originated by fraud or plain error, and are considered significant if they can reasonably (either in individual or aggregate form) influence the economic decisions that the users of this information will take, based on the financial statements.

**Report on other legal and regulatory requirements**

I can attest that during the year 2022, the entity COMVIVA TECHNOLOGIES COLOMBIA S.A.S, took upon its accounting books, in accordance with the legal rules, technical accounting and the operations registered in its general ledger are in line with the statutes and decisions coming from the shareholders assembly and board of directors.

It is worth mentioning that law 1314 of 2009 introduced the accounting rules and principles that are to be applied in Colombia. This law was later developed by the Single Regulatory Decree 2420 of 2015 and its relevant legislation. To this end, as of 2015, as it was mandated by law, all COMVIVA TECHNOLOGIES COLOMBIA S.A.S have been expressed under this rules.

I would also like to inform, that during the year 2022, the actions of the entity management were in line with the statutes and decisions from the shareholders assembly, that correspondence, the accounting receipts, the minutes book and log of actions are documented and duly kept and preserved; and that it fully complied with the contributions to social security and workers compensation payments which were calculated from the monthly payroll in a timely manner.

Lastly, we declare that the management report of its role is in line with the entities financial statements and that we can include a reference stating that the entity management did not stand in the way of the free flow of invoices sent out by the suppliers and creditors.

**Opinion on the Internal Controls and the compliance with the rules and regulation**

Additionally, article 209 of the code of Commerce sets forth the obligation to express as part of my role the compliance to legal, internal rules and adequate internal control.

We can declare that we carried out test to evaluate the degree of compliance with the legal and regulatory provisions by the entity’s administration, as well as the effectiveness of such operation of the internal control process.

We can declare that we carried out tests to evaluate the degree of compliance with the legal and regulatory provisions by the entity’s administration, as well as the effectiveness of such operation of the internal control process.

For the evaluation of internal control, I used the COSO model as a criterion. The internal control is the set of policies and procedures adopted by the entities management to 1) provide reasonable assurance on the entities financial information, 2) compliance to the entities internal rules and procedures, 3) allow for an effective and efficient operation.

In my opinion, the entity COMVIVA TECHNOLOGIES COLOMBIA S.A.S., as of December 31st, 2022 has complied with all important applicable laws and regulation, the statutory and shareholder assembly rulings. Also the internal control system is effective, in all relevant elements, according to the COSO model and calculated and payed in a timely fashion al required contributions to social security.

Regards,

**JOSE ANTONIO GONZALEZ CASTAÑEDA**

Revisor fiscal

T.P. 12.423-T

Carrera 14 Bis 153-81 IN 7 AP 302 Bogota D.C.

Febrero 28 de 2023

# COMPARATIVE FINANCIAL SITUATION REPORT

**Cumulative between January 1st and December 31st of the Years**

**(All amounts in Colombian Pesos)**

| | Note | Year | | Year | | Variation | |
|---|---|---|---|---|---|---|---|
| | | **DEC-31-2022** | **%** | **DEC-31-2021** | **%** | **Amounts** | **%** |
| **CURRENT ASSETS** | | | | | | | |
| **Cash and cash equivalents** | 1 | **83,014,839.66** | **1.44%** | **393,713,436.88** | **6.96%** | **(310,698,597)** | **-78.91%** |
| Cash in hand | | 0.00 | 0.00% | 0.00 | 0.00% | - | 0.00% |
| Banks | | 83,014,839.66 | 1.44% | 393,713,436.88 | 6.96% | (310,698,597) | -78.91% |
| **Debtors** | 2 | **5,592,029,278.21** | **97.04%** | **5,201,916,950.95** | **91.93%** | **390,112,327** | **7.50%** |
| Current Commercial receivables | | 5,175,121,129.29 | 89.80% | 4,792,071,651.48 | 84.68% | 383,049,478 | 7.99% |
| Advance payments | | 599,046.00 | 0.01% | 13,410.00 | 0.00% | 585,636 | 4367.16% |
| Income tax withholding | | 416,309,102.92 | 7.22% | 409,831,889.47 | 7.24% | 6,477,213 | 1.58% |
| Accounts receivables from Employees | | 0.00 | 0.00% | 0.00 | 0.00% | - | 0.00% |
| **TOTAL CURRENT ASSETS** | | **5,675,044,117.87** | **98.48%** | **5,595,630,387.83** | **98.89%** | **79,413,730** | **1.42%** |
| **NON CURRENT ASSETS** | | | | | | | |
| **TOTAL PLANT PROPERTY AND EQUIPMENT** | 3 | 87,735,891.16 | 1.52% | 63,203,617.04 | 1.12% | 24,532,274 | 38.81% |
| Furniture and fixtures | | 33,710,499.00 | 0.58% | 33,710,499.00 | 0.60% | - | 0.00% |
| Cumulative Depreciation | | -16,626,821.00 | -0.29% | -13,937,933.00 | -0.25% | (2,688,888) | 19.29% |
| **OFFICE EQUIPMENT** | | **17,083,678.00** | **0.30%** | **19,772,566.00** | **0.35%** | **(2,688,888)** | **-13.60%** |
| Communications and Hardware Equipment | | 147,956,459.89 | 2.57% | 93,094,463.04 | 1.65% | 54,861,997 | 58.93% |
| Cumulative Depreciation | | -77,304,246.73 | -1.34% | -49,663,412.00 | -0.88% | (27,640,835) | 55.66% |
| **COMMUNICATION AND HARDWARE EQUIPMENT** | | **70,652,213.16** | **1.23%** | **43,431,051.04** | **0.77%** | **27,221,162** | **62.68%** |
| **TOTAL NON CURRENT ASSETS** | | **87,735,891.16** | **1.52%** | **63,093,242.87** | **1.11%** | **24,642,648** | **39.06%** |
| **TOTAL ASSETS** | | **5,762,780,009.03** | **100.00%** | **5,658,723,630.70** | **100.00%** | **104,056,378** | **1.84%** |

# COMPARATIVE FINANCIAL SITUATION REPORT

**Cumulative between January 1st and December 31st of the Years**

**(All amounts in Colombian Pesos)**

| | Note | Year | | Year | | Variation | |
|---|---|---|---|---|---|---|---|
| | | **DEC-31-2022** | **%** | **DEC-31-2021** | **%** | **Amounts** | **%** |
| **CURRENT LIABILITIES** | | | | | | | |
| Accounts payable and others | 4 | 1,147,003,667.32 | 19.90% | 2,314,838,115.76 | 40.91% | (1,167,834,448) | -50.45% |
| Taxes | 5 | 423,272,447.91 | 7.34% | 319,937,581.40 | 5.65% | 103,334,867 | 32.30% |
| Employee Benefits | 6 | 256,421,515.00 | 4.45% | 263,142,770.00 | 4.65% | (6,721,255) | -2.55% |
| Estimated liabilities | 14 | 260,087,455.00 | 4.51% | 527,531,338.00 | 9.32% | (267,443,883) | -50.70% |
| **TOTAL CURRENT LIABILITIES** | | **2,086,785,085.23** | **36.21%** | **3,425,449,805.16** | **60.53%** | **(1,338,664,720)** | **-39.08%** |
| **NON CURRENT LIABILITIES** | | | | | | | |
| Deferred Tax Liabilities | 14 | 253,236,687.00 | 4.39% | 124,615,300.00 | 2.20% | 128,621,387 | 103.21% |
| Advance payments from Clients | 14 | 0.00 | 0.00% | 117,196,983.00 | 2.07% | (117,196,983) | -100.00% |
| Accounts payable to shareholders | | 0.00 | 0.00% | 0.00 | 0.00% | - | 0.00% |
| **TOTAL NON CURRENT LIABILITIES** | | **253,236,687.00** | **4.39%** | **241,812,283.00** | **4.27%** | **11,424,404** | **4.72%** |
| **TOTAL LIABILITIES** | | **2,340,021,772.23** | **40.61%** | **3,667,262,088.16** | **64.81%** | **(1,327,240,316)** | **-36.19%** |
| **OWNER EQUITY** | 8 | | | | | | |
| Common Stock | | 43,906,000.00 | 0.76% | 43,906,000.00 | 0.78% | - | 0.00% |
| Earnings (loses) previous periods | | 1,592,901,542.54 | 27.64% | 1,740,256,981.00 | 30.75% | (147,355,438) | -8.47% |
| Share placement premium | | 354,654,000.00 | 6.15% | 354,654,000.00 | 6.27% | - | 0.00% |
| Earnings (loses) current period | | 1,431,296,694.26 | 24.84% | -147,355,438.46 | -2.60% | 1,578,652,133 | -1071.32% |
| **TOTAL OWNER EQUITY** | | **3,422,758,236.80** | **59.39%** | **1,991,461,542.54** | **35.19%** | **1,431,296,694** | **71.87%** |
| **TOTAL LIABILITIES AND OWNER EQUITY** | | **5,762,780,009.03** | **100.00%** | **5,658,723,630.70** | **100.00%** | **104,056,378** | **1.84%** |
| **control account** | | 0.00 | | 0.00 | | | |

**the notes and financial statements form an indivisible whole.**

| | | |
|---|---|---|
| **Sachin Jairath** | **Leidy Viviana Alarcon** | **Jose Antonio Gonzalez Castañeda** |
| Representante Legal | Contador | Revisor Físcal |
| | T.P. No. 240,002-T | Tarjeta Profesional No. 12,423-T |

COMVIVA TECHNOLOGIES COLOMBIA S.A.S

# RESULTS STATEMENT FOR THE PERIOD

**Cumulative between January 1st and December 31st of the Years**

**(All amounts in Colombian Pesos)**

| | Note | Year | | Year | | Variation | |
|---|---|---|---|---|---|---|---|
| | | DEC-31-2022 | % | DEC-31-2021 | % | Amounts | % |
| **OPERATIONAL REVENUE** | | | | | | | |
| Income from Operational Activities | 9 | 8,301,840,549.00 | 100.00% | 7,061,787,416.74 | 100.00% | 1,240,053,132 | 17.56% |
| OPERATING INCOME | | **8,301,840,549.00** | **100.00%** | **7,061,787,416.74** | **100.00%** | **1,240,053,132** | **17.56%** |
| Cost of Sales | 10 | 970,919,596.77 | 11.70% | 2,186,603,045.53 | 30.96% | (1,215,683,449) | -55.60% |
| GROSS PROFIT | | **7,330,920,952.23** | **88.30%** | **4,875,184,371.21** | **69.04%** | **2,455,736,581** | **50.37%** |
| Administration expenses | 11 | 4,714,530,067.16 | 56.79% | 3,253,256,721.05 | 46.07% | 1,461,273,346 | 44.92% |
| Sales Expenses | 12 | 534,832,846.36 | 6.44% | 1,484,963,673.06 | 21.03% | (950,130,827) | -63.98% |
| OPERATIONAL PROFIT | | **2,081,558,038.71** | **25.07%** | **136,963,977.10** | **1.94%** | **1,944,594,062** | **1419.79%** |
| Non Operational Income | 13 | 107,079,607.94 | 1.29% | 341,348,195.59 | 4.83% | (234,268,588) | -68.63% |
| Non Operational Expenses | 13 | 250,402,565.39 | 3.02% | 271,877,269.87 | 3.85% | (21,474,704) | -7.90% |
| **PROFIT BEFORE INCOME TAX** | | **1,938,235,081.26** | **23.35%** | **206,434,902.82** | **2.92%** | **1,731,800,178** | **838.91%** |
| **Income Tax** | 14 | 506,938,387.00 | 6.11% | 353,790,341.28 | 5.01% | 153,148,046 | 43.29% |
| **NET PROFIT AFTER TAXES** | | **1,431,296,694.26** | **17.24%** | **-147,355,438.46** | **-2.09%** | **1,578,652,133** | **-1071.32%** |

**the notes and financial statements form an indivisible whole.**

| **Sachin Jairath** | **Leidy Viviana Alarcon** | **Jose Antonio Gonzalez Castañeda** |
|---|---|---|
| Representante Legal | Contador | Revisor Físcal |
| | T.P. No. 240,002-T | Tarjeta Profesional No. 12,423-T |

# OWNER EQUITY CHANGES STATEMENT

**Cumulative between January 1st and December 31st of the Years**

**(All amounts in Colombian Pesos)**

| | Balance as of December 31st 2021 | Debit Movement | Credit Change | Balance as of December 31st 2022 |
|---|---|---|---|---|
| **Owner Equity** | | | | |
| **Accounts Detail** | | | | |
| Common Stock | 43,906,000 | | 0 | 43,906,000 |
| Earnings (loses) current period | -147,355,438 | -147,355,438 | 1,431,296,693 | 1,431,296,693 |
| Earnings (loses) previous periods | 1,740,256,981 | 0 | -147,355,438 | 1,592,901,544 |
| Share placement premium | 354,654,000 | 0 | 0 | 354,654,000 |
| **Total** | **1,991,461,543** | **-147,355,438** | **1,283,941,255** | **3,422,758,237** |
| control account | 0 | | | 0 |

**the notes and financial statements form an indivisible whole.**

| | | |
|---|---|---|
| **Sachin Jairath** | **Leidy Viviana Alarcon** | **Jose Antonio Gonzalez Castañeda** |
| Representante Legal | Contador | Revisor Físcal |
| | T.P. No. 240,002-T | Tarjeta Profesional No. 12,423-T |

COMVIVA TECHNOLOGIES COLOMBIA S.A.S

# CASH FLOW STATEMENT

**Cumulative between January 1st and December 31st of the Years**

**(All amounts in Colombian Pesos)**

| | **2022** |
|---|---|
| **Cash Flow Operational Activities** | |
| Earnings current period | 1,431,296,694 |
| Minus: accounts not affecting cash flow | |
| Depreciation | 30,329,723 |
| Provisions | 11,314,030 |
| **Operationally generated cash flow :** | **1,472,940,447** |
| **Change in Operational Activities** | |
| **(Increase) Reduction in:** | |
| Accounts Receivables | -390,112,327 |
| (Increase) Reduction in : | |
| Accounts Payable | -1,167,834,448 |
| Taxes Payable | 103,334,867 |
| Employee Liabilities | -6,721,255 |
| Estimated liabilities and accruals | -267,443,883 |
| **Net Cash Flow Operational Activities:** | **-255,836,600** |
| **Cash Flow investment activities:** | |
| Purchasing of fixed assets | -54,861,997 |
| Liabilities payments | 0 |
| Earnings (loses) previous periods | 0 |
| Share placement premium | 0 |
| **Net Cash Flow investment activities:** | **-54,861,997** |
| **Cash Flows from financing activities** | |
| Profits transfer | 0 |
| **Net cash flows financng activities** | 0 |
| **'Net cash increase** | **-310,698,597** |
| **Cash Beginning of the Period** | **393,713,437** |
| **Cash End of the Period** | **83,014,840** |

**Las notas y los estados financieros forman un todo indivisible.**

| | | |
|---|---|---|
| **Sachin Jairath** | **Leidy Viviana Alarcon** | **Jose Antonio Gonzalez Castañeda** |
| Representante Legal | Contador | Revisor Físcal |
| | T.P. No. 240,002-T | Tarjeta Profesional No. 12,423-T |

# FINANCIAL STATEMENT NOTES DECEMBER-31ST- 2022

**Note 1. REPORTING ENTITY**

COMVIVA TECHNOLOGIES COLOMBIA is a private Commercial Entity, organized as a simplified stock corporation of national order. It was created by means of a private document, with a singular number of shareholders on the 15th of June 2016, with residence in the city of Bogotá D.C., having its main address at Calle 98 No. 70-91 OFC 806 at the VARDI building.

Active Entity: That the Entity COMVIVA TECHNOLOGIES COLOMBIA is not dissolved, and its duration is indefinite.

The owners equity of COMVIVA TECHNOLOGIES COLOMBIA is distributed in the following way:

| SHAREHOLDER | I.D. | REPRESENTED BY | NUMBER OF SHARES | % | COMMON STOCK |
|---|---|---|---|---|---|
| Comviva Technologies B.V | | Karen Santamaria | 43.906 | 100 | $43.906.000 |
| **TOTAL** | | | **43.906** | **100** | **$43.906.000** |

| | |
|---|---|
| **AUTHORIZED CAPITAL:** | |
| Amount in Col$ | $100.000.000 |
| Number of shares | 100.000 |
| Nominal value Col$ | $1.000 |
| **COMMON STOCK:** | |
| Amount in Col$ | $43.906.000 |
| Number of shares | 43.906 |
| Nominal value Col$ | $1.000 |
| **PAYED CAPITAL:** | |
| Amount in Col$ | $43.906.000 |
| Number of shares | 43.906 |
| Nominal value Col$ | $1.000 |

The corporate purpose of COMVIVA TECHNOLOGIES COLOMBIA will be: (a) Carry out trade and business activities for the development, implementation, support, sale and purchase of hardware and software products; (b) Additionally, it may carry out any other lawful economic, commercial or civil activity both in Colombia and abroad, including the power to give or receive loans.

**Nature of its operation**

For the fulfillment of its objectives, COMVIVA TECHNOLOGIES COLOMBIA., Carries out service activities in Bogotá, D.C., and throughout the territory of the Republic of Colombia. Its corporate purpose includes the following activities: 1.- The sale of computer and communication equipment, its parts or components, its peripherals and accessories, programs and supplies, consulting 2.- The development and control of software in computer systems, feasibility studies, analysis, design and programming of commercial, scientific and engineering applications, also allowing training in related activities. Based on its corporate purpose, the company may carry out the following activities: A) Administration of its own or third-party computer centers, B) Buying, selling, exchanging, exporting, importing and distributing all kinds of goods, raw materials and products related to the computing area, C) Enter into leasing contracts, 4.- Buy, dispose of or organize computing centers.

**On going business hypothesis**

When preparing the complete set of financial statements, COMVIVA TECHNOLOGIES COLOMBIA management evaluated its ability to continue as on going business. The financial statements presented are prepared on the assumption that it is fully active and will continue to function for the foreseeable future. For the time being there is no intention to liquidate it or to cease its operations, nor are there any uncertainties related to the operation of the business.

**Note 2. BASIS FOR THE PRESENTATION OF THE FINANCIAL STATEMENTS**

COMVIVA TECHNOLOGIES COLOMBIA presents its individual financial statements in accordance with the Financial Information Standards accepted in Colombia (NIF), established by Law 1314 of 2009 and regulated by Sole Regulatory Decree 2420 of 2015, which establishes the Regulatory Regime for the Financial Reporting preparations that make up group 2 comprising the International Financial Reporting Standard for Small and Medium Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) in its 2009 version and later updated to version 2015.

International financial reporting standards have two applicable reference frameworks: one for publicly traded companies, known as full IFRS, and another applicable to companies considered small and medium or private interest companies, known as IFRS for SMEs.

COMVIVA TECHNOLOGIES COLOMBIA is classified in Group 2 and therefore must apply the IFRS for SMEs regulatory framework.

These financial statements correspond to the seventh annual financial statements presented in accordance with the IFRS SMEs; In preparing these financial statements, COMVIVA TECHNOLOGIES COLOMBIA has applied the accounting policies approved by the General Shareholders Meeting, and the significant accounting judgments, estimates and assumptions described in NOTE 3.

For the recognition of economic facts, the causation basis is applied. The economic facts are documented by means of internal and / or external sources, which comply with the requirements applicable to each case and adhere to the respective accounting vouchers, making their verification possible.

These financial statements have been prepared based on the historical cost model, with the exception of some financial assets that must be measured at fair value.

These financial statements are presented in Colombian pesos.

**Note 3. SUMMARY OF THE MORE REPRESENTATIVE ACCOUNTING POLICIES**

The quality policy for accounting and financial information is to issue "Individual General Purpose Financial Statements for external users that faithfully represent the economic reality in all its relevant aspects, also complying with the special standards issued by the authorities that exercise inspection, surveillance or control "

**1.- Financial Assets**

Financial assets within the scope of section 11 of the IFRS SMEs are classified as financial assets measured at fair value with a charge to results, financial assets measured at cost less impairment and financial assets measured at amortized cost.

All financial assets are initially recognized at fair value, and financial assets measured at cost and amortized cost are increased by transaction costs.

Financial assets classified as current assets are measured by the undiscounted amount of cash or other consideration expected to be received (net of impairment) unless the arrangement is, in effect, a financing transaction. If the arrangement constitutes a financing transaction, the entity will measure the financial asset at the present value of future payments discounted at a market interest rate for a similar debt instrument.

**2.- Financial liabilities**

Financial liabilities, in accordance with section 11, are classified as loans and accounts payable, or as derivatives designated as hedging instruments in an effective hedging relationship, as applicable. The Company determines the classification of financial liabilities at the time of its initial recognition.

All financial liabilities are initially recognized at their fair value, except in the case of loans and accounts payable accounted for at the transaction price where the directly attributable transaction costs are recognized. Likewise if the arrangement constitutes a financing transaction, the entity will measure the financial asset or financial liability at the present value of future payments discounted at a market interest rate for a similar debt instrument determined at initial recognition.

The Company's financial liabilities include accounts payable, financial derivatives and debts for loans received and other items that accrue interest.

Debt instruments such as financial obligations will be subsequently measured at amortized cost using the effective interest rate method.

**3.- Revenue recognition from core/operational activities**

Revenue from core activities originated from recoveries is recognized at the fair value of the received service/product, provided that the amount of the revenue can be measured reliably, it is probable that the benefits will be received, the degree of completion of the transaction and the costs incurred.

Income from interest on core business activities is recognized using the effective interest rate method in the item called financial income.

**4.- Financial expenses for loans and debt operations**

All borrowing costs are recognized in profit or loss in the period in which they are incurred using the effective interest rate method in an item called financial expenses.

**5.- Income tax**

The amounts originated from income tax represents the sum of the result from current tax and deferred taxes.

Current income tax assets and liabilities for the current period are measured as the amount that is expected to be recovered from the tax authorities or that would have to be paid. The tax rate and tax laws used to account for the amount are those in force, or nominally in force, as of the date of the report.

Current income tax related to items that are recognized directly in Owner Equity or in other comprehensive Results is recognized in the Statement of Changes in Owner Equity or in the Results Statement, respectively. The administration periodically evaluates the position adopted in the tax returns with respect to situations in which the applicable tax regulations are subject to interpretation and creates the required provisions in each case.

The estimate of the liability for income tax is calculated at the official rate of 35% for the year 2022 and 2023, by the accounting causation method. The asset or liability for income tax is presented net, after deducting the advances paid and the tax withholdings in favor.

Deferred income tax is recognized for temporary differences between the carrying amount of assets and liabilities and their corresponding tax bases. Deferred tax liabilities are recognized for all temporary differences that are expected to increase future taxable income. Deferred tax assets are recognized for all temporary differences that are expected to reduce future taxable profit, and any unused tax loss or unused excess presumptive income.

Deferred taxes are measured at the tax rate expected to be applied to temporary differences when they are reversed, based on the laws that have been approved or are about to be approved as of the date of the report. The book value of deferred tax assets is reviewed at each reporting date and is reduced to the extent that it is no longer probable that there will be sufficient taxable earnings to use all or part of the deferred tax asset. Unrecognized deferred tax assets are reviewed at each closing date and are recognized to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax related to items recognized out of profit or loss is recognized in correlation with the underlying transaction, either in ORI or directly in Owner Equity. Deferred tax assets and liabilities are offset if there is an enforceable right to offset current tax assets and liabilities, and when deferred tax assets and liabilities are derived from income taxes corresponding to the same tax authority and fall on the same tax entity or taxpayer, or in different tax entities or taxpayers, but the Company intends to liquidate current tax assets and liabilities for their net amount, or simultaneously materialize its tax assets and liabilities.

**6.- Property, plant and equipment**

Property and equipment are recognized as assets when future economic benefits are derived from them and the cost can be reliably measured and presented at their acquisition costs, which do not exceed their recoverable amounts through future operations, less accumulated depreciation

Additions, renewals and improvements are recorded in the cost of the asset only if it is probable that the expected future economic benefits will be obtained and that these benefits can be reliably measured.

**1.) Initial valuation and recognition.**

The following goods recognized as Property, Plant and Equipment are subject to: Se reconoce como Propiedad, Planta y Equipo los bienes sujetos a:

- If their initial cost is less than ½ a Monthly Minimum Wage (SMLV) they are immediately recognized as an expense.

- If their initial cost is between ½ and 2 Monthly Minimum Wages (SMLV), it will be completely depreciated between the purchase date and December 31st of the same calendar year.

- If their initial cost is upwards of 2 Monthly Mínimum Wages (SMLV) it is recognized as an asset and depreciation will take place based on the accounting policy and general accounting principles.

- Construction, remodeling, habilitation, and similar investments on third party property are recognized as Property, Plant and Equipment or intangibles and are subject to depreciation during the term of the rent/lease contract, unless the cost of the later is less than the equivalent of five (5) Monthly Minimum Wages in which case this will be recognized as an expense. If the contract term on third party property is less than the lifespan of the asset, then reconciliatory entries will be reflected in the general ledger.

**2) Subsequent measurement.**

The entity will not appraise for Property, Plant and Equipment (NIC 16,29 y NIIF PYMES

17,15). However, in case an appraisal is needed for a specific need like a loan or collateral,

this will be revealed in the notes to the financial statements.

The entity will only appraise Property, when Management deems necessary or at least every five (5) years.

**7.- Depreciation Expenses**

7.1. Depreciation is charged to distribute the cost of the assets minus their residual values throughout their estimated useful life, if this estimation is not available then the general market practice analyzed by the DIAN (tax authority) and the straight-line method is applied.

The following useful lives are used in the depreciation of property, plant and equipment:

| **Description** | **Useful Life** | **Method** |
|---|---|---|
| Construction and buildings | 30 to 60 years | linear |
| Machines and Equipment | 10 years | linear |
| Office Equipment | 10 years | linear |
| Computing and Communication Eq | 5 years | linear |
| Transportation Equipment | 5 years | linear |
| Medical Equipment | 3 years | linear |

Land has an indefinite useful life and therefore is not subject to depreciation.

If there is any indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Repairs and preventive maintenance are recorded in the results for the year in an item called “maintenance expenses”.

7.2. In the case of completely depreciated assets that continue in use (NIC 16, 79b, NIIF 17.31); Totally depreciated assets, although in use, are written off. They can continue to be administered in some other information system off the books.

**8.- Impairment of the value of non-financial assets**

At each reporting date, property, plant and equipment, intangibles and investments measured at cost are reviewed to determine if there are indications that these assets have suffered an impairment loss. If there are indications of a possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is less, the carrying amount is reduced to the estimated recoverable amount and an impairment loss is recognized in profit or loss.

**9.- Value Impairment on financial assets**

The Company will assess each year-end whether the financial assets or groups of financial assets are impaired. If there is objective evidence that an impairment loss has been incurred for the value of loans and receivables recorded at amortized cost, the amount of the loss is valued as the difference between the carrying amount of the asset and the present value of the assets. estimated future cash flows, discounted at the original effective interest rate of the financial asset (that is, the effective interest rate computed at the time of initial recognition). The book value of the asset is reduced through a provision account and the amount of the loss is recognized in the income statement for the year.

**10.- Accounts receivable derived from operating activities**

Sales are made under normal credit terms and the amounts of the accounts receivable do not accrue interest. When credit is extended beyond normal credit terms, accounts receivable are measured at amortized cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade debtors and other accounts receivable are reviewed to determine if there is any objective evidence that they will not be recoverable. If so, an impairment loss is immediately recognized in profit or loss.

**11.- Accounts payable derived from the normal operation activities**

Accounts payable correspond to obligations based on normal credit conditions and do not accrue interest. The amounts of trade accounts payable denominated in foreign currency are converted into

the functional currency using the exchange rate in effect on the date reported. Gains or losses from foreign currency exchange are included in other gains or losses.

**12.- Employee benefits**

The liability for obligations for employee benefits is related to what is established by the government for payments related to the entity's workers, which are considered as short-term benefits.

The cost of all employee benefits to which they are entitled as a result of services rendered to the entity during the reporting period are recognized as a liability, after deducting the amounts that have been paid directly to the employees. or as a contribution to a pension fund; If the amount paid exceeds the contributions to be made according to the services provided up to the date reported, that excess will be recognized as an asset to the extent that the advance payment will lead to a reduction in payments. to be made in the future or to a cash reimbursement and are recognized as an expense, unless they are recognized as part of the cost of an asset.

The Company records short-term benefits, such as salary, vacations, bonuses and others, on an accrual basis.

**13.- Provisions**

A provision liability is recognized only when there is a present obligation as a result of a past event and it is probable that you will have to dispose of economic resources to cancel the obligation, and the amount of the obligation can be reliably estimated. The liability is measured as the best estimate of the amount required to cancel the obligation on the date reported. Any adjustment to the amounts previously recognized will be recognized in results. When a provision is measured by the present value of the amount expected to be required to pay the obligation, a financial expense will be recognized in the results of the period in which it arises.

If the effect of the value of money over time is significant, provisions are discounted using a pre-tax interest rate that reflects, where appropriate, the specific risks of the liability. When discounted, the increase in the provision due to the passage of time is recorded as a financial expense.

Provisions for labor, legal and tax contingencies, contracts with third parties or others, depending on the circumstances, are estimated, and recorded based on the opinion of the legal advisors, which are considered probable and reasonably quantifiable.

**14.- Contingent Liabilities**

A contingent liability is: (i) a possible obligation, arising as a result of past events and whose existence must be confirmed only by the occurrence, or in its case the non-occurrence, of one or more uncertain future events that are not entirely under control of the Company; or (ii) a present obligation, arising from past events, that has not been recognized in accounting because: (a) it is unlikely that an outflow of resources that incorporate economic benefits will be required to satisfy it; or (2) the amount of the obligation cannot be measured with sufficient reliability.

A contingent liability is not recognized in the financial statements, but is reported in notes, except in the event that the possibility of an eventual outflow of resources to settle it is remote. For each type of contingent liability at the respective closing dates of the periods reported, the Company discloses

(i) a brief description of the nature of the same and when possible, (ii) an estimate of its financial

effects; (iii) an indication of uncertainties related to the amount or timing of the corresponding outflows of resources; and (iv) the possibility of obtaining eventual refunds.

**15.- Contingent Assets**

A contingent asset is an asset of a possible nature, arising from past events, the existence of which must be confirmed only by the occurrence, or in its case by the non-occurrence, of one or more uncertain events in the future, which are not entirely under the control of the Company.

A contingent asset is not recognized in the financial statements, but is reported in notes, but only in the event that the entry of economic benefits is probable. For each type of contingent asset at the respective closing dates of the periods reported, the Company discloses (i) a brief description of its nature and, when possible, (ii) an estimate of its financial effects. In accordance with section 21 of IFRS SMEs, the Company's policy is not to disclose in detail the information related to disputes with third parties related to situations involving provisions, contingent liabilities and contingent assets, to the extent that such information seriously damages the position of the company. In these cases, the Company provides information of a generic nature and explains the reasons that have led to such a decision.

**16.- Cash and cash equivalents**

They are considered cash equivalents, short-term, highly liquid and freely available investments that, without prior notice or relevant cost, can easily be converted into a certain amount of cash, are subject to a negligible risk of changes in value whose maturity maximum is three months from the date of acquisition and whose main destination is not that of investment or similar, but that of cancellation of short-term commitments.

Cash and short-term deposits in the statement of financial position include cash in banks and in cash and short-term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**17.- Functional currency**

The management of COMVIVA TECHNOLOGIES COLOMBIA considers that the Colombian peso is the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions, and for this reason, the financial statements are presented in Colombian pesos as their functional currency.

**18.- Classification of current and non-current assets or liabilities**

The Company presents its assets and liabilities in the statement of financial position according to its current or non-current classification.

An asset or liability is classified as current when:

- It is expected to be carried out, it is expected to pay it, or it is intended to consume it, in the normal course of business.

- It is expected to realize the asset or pay the liability, within the twelve months following the date of the year in which it is reported, or

- The asset is cash and cash equivalents.

The Company classifies the rest of its assets and liabilities as non-current

**19.- Owners Equity**

It is measured at the value of the cash or other resources received or to be received, net of the direct costs of issuance of the equity instruments, is made up of subscribed and paid-in capital, earnings for the year and accumulated earnings, and appreciation surplus.

**20.- Cash Flow. -**

a) The cash flow statement was done using the indirect method.

b) In addition to the to the sources and uses of investment and financing, related to assets and liabilities, the following items (which are not classified as operating cash flow) are included in this category;

c) The following items are not classified as operating flows:

   i. Interest expense on loans to acquire eligible assets, whether they have been recognized as expenses or capitalized,

   ii. Dividends payed out,

   iii. Cash used for improvements on third party property, construction and commissioning

   iv. Capital payments on loans,

   v. Those from one time gains on the sale of fixed assets.

**21.- Exchange rate differences. – REGULATION: Art. 269, 285, y 288 ET**

Art. 269. Asset value of assets in foreign currency. The value of assets in foreign currency are estimated in local currency at the time of their initial recognition at the representative market exchange rate, less credits or payments valued at the same representative market exchange rate of the initial recognition.

Art. 285. Liabilities in foreign currency. The value of liabilities in foreign currency are estimated in local currency at the time of their initial recognition at the representative market exchange rate, less credits or payments measured at the same representative market exchange rate of the initial recognition.

Art. 288. Adjustments due to exchange rate difference. Income, costs, deductions, assets and liabilities in foreign currency will be measured at the time of their initial recognition at the representative market exchange rate.

In accounting under IFRS, the exchange rate difference has two components:

1. Realized exchange rate difference: Which is the one determined between the date of origin of the asset or liability in foreign currency and the date on which the partial or total payment is received or made.

2. Mark to market or unrealized exchange rate difference: That corresponds to the one calculated with the balances of assets and liabilities in foreign currency that as of December 31 of each year remain with a balance.

COMVIVA TECHNOLOGIES COLOMBIA, By policy, it was defined that the mark to market will be made based on the last Thursday of each month, and the exchange rate difference with the TRM of that day is calculated, except for the annual closing of December 31 of each year, in which case the TRM of December 31st is used. December, and the annual closing of the INDIAN year that culminates on March 31st.

**22.- Events that occurred after the accounting closure of the previous period:**

22.1.Body that approves the financial statements (NIC 10.17; NIIF PYMES 32.9): The financial statements were authorized for publication by the General Assembly.

22.2.Approval date of the financial statements (NIC 10.17, 10.18; NIIF PYMES 32.9): The financial statements were approved on 20-04-2023 and do not reflect events that occurred after that date, as stated in the Management Letter to the External Auditors (statutory audit).

22.3.Inability of partners, shareholders or similar to change the figures in the financial statements (NIC 10.17, 10.18; NIIF PYMES 32.9): Once the financial statements are approved, the General Assembly does not have the power to make or order changes in the figures or other data that comprise them.

22.4.Post-closing events that do not involve adjustments (NIC 10.21, NIIF PYMES 32.10):

- There are no post-closing events that require significant adjustments or disclosures

**JOSE ANTONIO GONZALEZ C.**

Revisor Fiscal

T.P. 12.423-T

**1. Cash and Cash Equivalents**

The current policy is to maintain enough resources to pay liabilities with Banks, Suppliers and other operational expenses like payroll. “

As of December 31st 2022 the available amounts are decomposed as follows:

| | **DEC-31-2022** | DEC-31-2021 |
|---|---|---|
| Cash in hand | **0.00** | 0.00 |
| Checking account deposits | **83,014,839.66** | 393,713,436.88 |
| | **0.00** | 0.00 |
| | **83,014,839.66** | 393,713,436.88 |

**2. Debtors**

As of December 31st 2022 the Debtors account is decomposed as follows:

| | **DEC-31-2022** | DEC-31-2021 |
|---|---|---|
| Domestic | **77,274,735.00** | 548,308,049.49 |
| Foreign | **5,097,846,394.29** | 4,243,763,601.99 |
| Advance payments to suppliers - contractors | **599,046.00** | 13,410.00 |
| Income tax with holding | **416,309,102.92** | 409,831,889.47 |
| Accounts Receivables from Employees | **0.00** | 0.00 |
| Less Client provision | **0.00** | -110,374.17 |
| | **5,592,029,278.21** | 5,201,806,576.78 |
| **Amount in US Dollars from Foreign clients** | **1,059,799.26** | 1,065,961.58 |

**3. Plant, Property and Equipment**

As of December 31st 2022 this account includes inflation adjustments and is decomposed as follows:

| **Property Plant and Equipment** | **DEC-31-2022** | DEC-31-2021 |
|---|---|---|
| Office Equipment | **33,710,499.00** | 33,710,499.00 |
| Cumulative Depreciation | **-16,626,821.00** | -13,937,933.00 |
| **Subtotal** | **17,083,678.00** | 19,772,566.00 |
| Communications and hardware equipment | **147,956,459.89** | 93,094,463.04 |
| Cumulative Depreciation | **-77,304,246.73** | -49,663,412.00 |
| Subtotal | **70,652,213.16** | 43,431,051.04 |
| **Total Plant Property and Equipment** | **87,735,891.16** | 63,203,617.04 |

**4. Accounts payable and others**

As of December 31st 2022 the accounts payable are decomposed as follows:

| | **DEC-31-2022** | DEC-31-2021 |
|---|---|---|
| Domestic Suppliers | **861,988,904.06** | 2,063,915,236.47 |
| Costs and Expenses Payable | **131,381,772.21** | 98,217,292.58 |
| Payable taxes | **52,621,375.99** | 25,883,205.54 |
| Payable Sales Tax withheld | **15,358.65** | 14,221.50 |
| Industry and Commerce tax withheld | **68,361.41** | 398,679.67 |
| Tax withholdings and contributions payable | **58,667,194.00** | 41,866,180.00 |
| Other creditors | **42,260,701.00** | 84,543,300.00 |
| | **1,147,003,667.32** | 2,314,838,115.76 |

**5. Liablities from taxes, surtax and contributions**

As of December 31st 2022 the income tax, sales tax and deferred taxes are decomposed as follows:

| | | DEC-31-2022 | DEC-31-2021 |
|---|---|---|---|
| Income tax | | **378,317,051.25** | 353,790,341.28 |
| Income tax | 378,317,051.25 | **0.00** | 0.00 |
| **Total Income Tax** | | **378,317,051.25** | 353,790,341.28 |
| **Plus: Sales tax payable** | | **43,281,396.66** | -33,852,759.88 |
| Bimester 2022-06 | 43,281,396.66 | | 0.00 |
| **Plus : Industry and Commerce tax** | | **1,674,000.00** | 0.00 |
| | | **423,272,447.91** | 319,937,581.40 |

**6. Employee Benefits**

As of December 31st 2022 the balance on this accounts is decomposed as follows:

| | DEC-31-2022 | DEC-31-2021 |
|---|---|---|
| Salaries to pay | **10,176,235.00** | 0.00 |
| Cesantías | **58,790,171.00** | 54,481,395.00 |
| Interest on Cesantias | **5,222,927.00** | 5,728,134.00 |
| Vacation time accrued | **182,232,182.00** | 202,933,241.00 |
| | **256,421,515.00** | 263,142,770.00 |

**7. Estimated liabilities and provisions**

As of December 31st 2022 the estimated liabilities and provisions account is decomposed as follows:

| | DEC-31-2022 | DEC-31-2021 |
|---|---|---|
| Commisions and bonuses | | |
| Liabilities from deferred Taxes | **260,087,455.00** | 527,531,338.00 |
| Other Liabilities - Client Advance Payment | **253,236,687.00** | 124,615,300.00 |
| | **0.00** | 117,196,983.00 |
| | **513,324,142.00** | 769,343,621.00 |

**8. Owner Equity**

The owners equity as of December 31st 2022 is as follows:

| | DEC-31-2022 | DEC-31-2021 |
|---|---|---|
| Entity Capital | **43,906,000.00** | 43,906,000.00 |
| Earnings (loses) current period | **1,431,296,694.26** | -147,355,438.46 |
| Earnings (loses) previous periods | **1,592,901,542.54** | 1,740,256,981.00 |
| Share placement premium | **354,654,000.00** | 354,654,000.00 |
| | **0.00** | 0.00 |
| | **3,422,758,236.80** | 1,991,461,542.54 |

## 9. Revenue from Operational activities

Operational Revenue is decomposed as follows:

| | **DEC-31-2022** | DEC-31-2021 |
|---|---|---|
| **Local Income** | **1,353,616,738.00** | 1,755,651,964.00 |
| Services | **1,353,616,738.00** | 1,755,651,964.00 |
| **Foreign Income** | **6,948,223,811.00** | 6,004,344,722.74 |
| Services | **6,088,549,423.00** | 4,449,696,437.74 |
| Provision Comviva Technologies BV | **859,674,388.00** | 1,554,648,285.00 |
| Minus: Returns | **0.00** | -698,209,270.00 |
| **Net Operational Income** | **8,301,840,549.00** | 7,061,787,416.74 |
| **TRM as of Dec-31- Dolar** | **US$ 4810.2** | US$ 3.981.16 |
| **Amount in US Dollars from Foreign sources** | **1,444,477.11** | 1,832,179.30 |

## 10. Cost of Sales

Cost of Sales is decomposed as follows:

| | **DEC-31-2022** | DEC-31-2021 |
|---|---|---|
| Plus: Licensing Costs | **457,209,653.39** | 1,503,558,653.37 |
| Provisions | **513,709,943.38** | 683,044,392.16 |
| Total Available: | **970,919,596.77** | 2,186,603,045.53 |
| Others | **0.00** | 0.00 |
| | **970,919,596.77** | 2,186,603,045.53 |

The costs were mainly affected by imports (11,70% of cost of sales), travel expenses and services mainly

## 11. Administration Expenses

Administration expenses are decomposed in the following accounts:

| | **DEC-31-2022** | DEC-31-2021 |
|---|---|---|
| Personnel expenses | **4,221,637,268.59** | 2,733,393,666.42 |
| Fees | **188,987,551.00** | 213,500,169.50 |
| Rent | **116,928,925.00** | 110,363,831.70 |
| Contributions and Memberships | **11,161,372.00** | 10,928,843.00 |
| Insurance | **3,033,543.75** | 2,807,223.00 |
| Utilities | **107,061,174.27** | 118,008,951.23 |
| Legal Expenses | **1,949,500.00** | 2,071,716.00 |
| Maintenance and Repair | **-9,790,900.00** | 10,349,774.00 |
| Adaptation and Installation | **-5,971,740.00** | 5,971,740.00 |
| Depreciations | **30,329,722.73** | 17,156,364.00 |
| Others | **49,203,649.82** | 26,656,942.20 |
| Employee benefits | **0.00** | 2,047,500.00 |
| Provisions | **0.00** | 0.00 |
| | **4,714,530,067.16** | 3,253,256,721.05 |

**12. Sales Expenses**

Sales expenses are decomposed as follows:

| | **DEC-31-2022** | DEC-31-2021 |
|---|---|---|
| Personnel Expenses | **520,380,227.37** | 1,457,114,619.41 |
| Taxes | **11,959,332.88** | 15,752,212.32 |
| Services | **0.00** | 11,000.00 |
| Maintenance | **420,084.03** | 5,362,808.16 |
| Others | **2,183,576.25** | 6,612,659.00 |
| Personnel Expenses provisions | **-110,374.17** | 110,374.17 |
| | **534,832,846.36** | 1,484,963,673.06 |

**13. Other Income and Expenses**

| | **DEC-31-2022** | DEC-31-2021 |
|---|---|---|
| Other Income | | |
| Interests | **438.76** | 550.81 |
| Exchange rate | **104,960,891.50** | 337,679,973.12 |
| Recoveries | **2,117,053.24** | 3,663,223.35 |
| Other | **1,224.44** | 4,448.31 |
| **Total Other Income** | **107,079,607.94** | 341,348,195.59 |
| **Other Expenses** | | |
| Bank fees | **29,532.00** | 50,596.00 |
| Bank Interests | **0.00** | 0.00 |
| Exchange rate | **186,350,515.98** | 244,870,877.11 |
| Expensed Taxes | **26,603,212.64** | 568,790.59 |
| Non deductible Expenses | **0.00** | 0.00 |
| Prior years' costs and expenses | **0.00** | 0.00 |
| Donations | **0.00** | 0.00 |
| 4* 1000 Financial transactions surcharge tax | **32,319,228.35** | 25,715,178.53 |
| Others | **5,100,076.42** | 671,827.64 |
| **Total Otros Egresos** | **250,402,565.39** | 271,877,269.87 |

## 14. Income Tax Return

| | **DEC-31-2022** | DEC-31-2021 |
|---|---|---|
| Profit Before Taxes | **1,938,235,081.26** | 206,434,902.82 |
| Non deductible Expenses | **31,703,289.06** | 671,827.64 |
| Non deductible Financial transactions surcharge GMF 4x1000 (50%) | **16,159,614.18** | 12,857,589.27 |
| Provision Non taxable Income | **-859,674,388.00** | |
| Non deductible exchange rate diference | **0.00** | 12,382,428.04 |
| Non taxable income | **-94,464,901.55** | 0.00 |
| Expenses provisions | **177,568,406.00** | 813,992,292.26 |
| **Taxable Profit** | **1,209,527,100.95** | 1,046,339,040.03 |
| **Presumptive tax on profit** | **0.00** | 605,115.00 |
| **Income Tax** | | |
| Provision for income Tax | **378,317,000.00** | 353,790,341.28 |
| Deffered income tax | **128,621,387.00** | 0.00 |
| **Total Income Tax** | **506,938,387.00** | 0.00 |
| **Net Profit after Taxes** | **1,431,296,694.26** | -147,355,438.46 |

Jose Antonio Gonzalez Castañeda
Revisor Fiscal
T.P. No. 12.423-T

Leidy Viviana Alarcon
Contador
T.P. No. 240,002-T

# COMVIVA TECHNOLOGIES (AUSTRALIA) PTY LTD

**Directors:**
Amit Sanyal
Gregory John Armstrong

**Registered Office:**
Suite 502, Level 5, 100 Pacific Highway,
North Sydney - 2060 NSW, Australia

# DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2023

The directors submit their report together with the management statements of Comviva Technologies (Australia) Pty Ltd ("The Company"), for the year ended 31st March, 2023.

**Principal Activity**

The principal activity of the Company is to provide solutions for telecommunication and network.

**Financial results and appropriations**

The financial results of the Company for the year ended 31st March, 2023 are set out in the statement of profit or loss and other comprehensive income.

**Events after the reporting period**

There are no significant events after the reporting period.

**Shareholder and its interest**

Comviva Technologies B.V., Netherlands is the 100% shareholder of the issued share capital of the Company at the reporting date. There were no changes to the shareholding structure during the year.

**Directors**

The Directors who served during the year are as follows:

Mr. Amit Sanyal

Mr. Gregory John Armstrong

**On Behalf of the board of Directors**

| **Amit Sanyal** | **Gregory John Armstrong** |
| --- | --- |
| Director | Director |

Date 6th June 2023

# CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

Amount in AUD

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non current assets** | | | |
| (a) Property, Plant and Equipment | 1 | **14,029** | 9,490 |
| (b) Intangible assets | 2 | **-** | - |
| (c) Goodwill | | **737,261** | 737,261 |
| (d) Advance income tax (net) | | **-** | - |
| (e) Deferred tax assets | | **363,292** | 21,413 |
| (h) Non current Investment | | **-** | - |
| **Total non-current assets** | | **1,114,582** | 768,164 |
| **Current Assets** | | | |
| (a) Financial Assets | | | |
| (i) Loan | | **-** | - |
| (i) Trade receivables | 3 | | |
| Billed | | **619,491** | 1,425,345 |
| Unbilled | | **432,721** | 649,013 |
| (ii) Cash and cash equivalents | 4 | **819,223** | 1,312,084 |
| (b) Other current assets | 5 | **324,854** | 14,659 |
| **Total current assets** | | **2,196,289** | 3,401,101 |
| **TOTAL ASSETS** | | **3,310,870** | 4,169,265 |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| (a) Equity Share capital | 6 | **10,000** | 10,000 |
| (b) Other Equity | 7 | **(2,674,671)** | (1,786,849) |
| **Equity attributable to equity holders of the Company** | | **(2,664,671)** | (1,776,849) |
| **Liabilities** | | | |
| **Non Current Liabilities** | | | |
| (a) Provisions | 11(i) | **266,187** | 223,043 |
| **Total non-current liabilities** | | **266,187** | 223,043 |

Amount in AUD

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 8 | **3,037,925** | 3,387,121 |
| (ii) Trade Payables | 9 | **648,826** | 535,624 |
| (iii) Others financial liabilities | 10 | **1,474,069** | 1,125,779 |
| (b) Provisions | 11(ii) | **377,533** | 327,711 |
| (c) Other current liabilities | 12 | **152,818** | 346,835 |
| (d) Income tax liabilities (Net) | | **18,184** | - |
| **Total current liabilities** | | **5,709,355** | 5,723,070 |
| **TOTAL EQUITY AND LIABILITIES** | | **3,310,870** | 4,169,265 |
| **See accompanying notes forming part of the consolidated financial statements** | 1-16 | | |

**For and on behalf of Comviva Technologies (Australia) Pty Limited**

**Amit Sanyal**
Director

**Gregory John Armstrong**
Director

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

Amount in AUD

| Particulars | Note No. | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| Revenue from operations | 13 | **2,270,586** | 3,871,366 |
| Other income | 14 | **28,373** | 14,233 |
| **Total income (I+II)** | | **2,298,959** | 3,885,599 |
| **Expenses** | | | |
| (a) Employee benefits expense | 15 | **1,951,071** | 2,357,653 |
| (b) Finance costs | | **248,863.26** | 178,726 |
| (c) Depreciation and Amortization expense | | **1,732.09** | 8,553 |
| (d) Other expenses | 16 | **1,308,808** | 1,113,845 |
| **Total expenses** | | **3,510,475** | 3,658,776 |
| **Profit before tax** | | **(1,211,516)** | 226,823 |
| **Tax expenses** | | | |
| (a) Current tax | | **18,185** | (2,325) |
| (b) Deferred tax | | **(341,879)** | 230,875 |
| | | **(323,694)** | 228,550 |
| **Profit after tax** | | **(887,822)** | (1,728) |
| **See accompanying notes forming part of the consolidated financial statements** | 1-16 | | |

**For and on behalf of Comviva Technologies (Australia) Pty Limited**

**Amit Sanyal**
Director

**Gregory John Armstrong**
Director

## Note 1 - Property, Plant and Equipment

Amount in AUD

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1st April, 2022 | Additions during the year | Disposals during the year | As at March 31, 2023 | As at 1st April, 2022 | Additions during the year | Disposals during the year | As at March 31, 2023 | As at March 31, 2023 | As at March 31, 2022 |
| Improvement to leased premises | 138,557 | - | - | 138,557 | 138,557 | - | - | 138,557 | 0 | 0 |
| Computers | 79,932 | 6,271 | - | 86,203 | 73,063 | 1,732 | - | 74,795 | 11,408 | 6,869 |
| Office equipment | 29,140 | - | | 29,140 | 26,519 | - | | 26,519 | 2,621 | 2,622 |
| **Total** | **247,629** | **6,271** | **-** | **253,900** | **238,139** | **1,732** | **-** | **239,871** | **14,029** | **9,490** |

## Note 2 - Intangible assets

Amount in AUD

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1st April, 2022 | Additions during the year | Disposals during the year | As at March 31, 2023 | As at 1st April, 2022 | Additions during the year | Disposals during the year | As at March 31, 2023 | As at March 31, 2023 | As at March 31, 2022 |
| Customer rights | 697,221 | - | (697,221) | - | 697,221 | - | 697,221 | - | - | - |
| | **697,221** | **-** | **(697,221)** | **-** | **697,221** | **-** | **697,221** | **-** | **-** | **-** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

**Note 3 - Trade receivables :**

Amount in AUD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Considered good - Unsecured | **625,421** | 1,431,275 |
| Less: Allowance for doubtful trade receivables | **(5,929.80)** | (5,930) |
| | **619,491** | 1,425,345 |
| Trade receivables -Billed (A) | **619,491** | 1,425,345 |
| Trade receivables -Unbilled (B) | **432,721** | 649,013 |
| **Total (A+B)** | **1,052,212** | 2,074,358 |

**Note 4 - Cash and cash equivalents :**

Amount in AUD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balances with banks: | | |
| - In current accounts | **819,223** | 1,312,084 |
| **Total** | **819,223** | 1,312,084 |

**Note 5 - Other current assets:**

Amount in AUD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Statutory remittances | **50,788.11** | 411 |
| Prepaid expenses | **4,183.41** | 9,669 |
| Other Receivabels | **264,024.87** | - |
| Advacnce to suppliers | **5,857.54** | 4,990 |
| **Total** | **324,854** | 14,659 |

**Note 6 -Equity Share capital :**

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| 10,000 fully paid ordinary shares | **10,000.00** | **10,000.00** | 10,000 | 10,000 |
| **Total** | **10,000** | **10,000** | 10,000 | 10,000 |

**Note 7 - Other Equity :**

Amount in AUD

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| Surplus in the statement of profit and loss | | | | |
| Opening balance | **(1,786,849)** | | (1,785,121) | |
| Add: profit for the year | **(887,822)** | | (1,728) | |
| Closing balance | | **(2,674,671)** | | (1,786,849) |
| **Total** | | **(2,674,671)** | | (1,786,849) |

**Note 8 -Borrowings :**

Amount in AUD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Long-term borrowings: | | |
| Loan from Related parties | **3,037,925** | 3,387,121 |
| **Total** | **3,037,925** | 3,387,121 |

**Note 9 - Trade payables :**

Amount in AUD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade Payable | **648,826** | 535,624 |
| **Total** | **648,826** | 535,624 |

**Note 10 - Other Financials liabilities:**

Amount in AUD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Accrued salary and benefits | **129,403** | 208,370 |
| Interest accrued | **1,344,666** | 917,409 |
| **Total** | **1,474,069** | 1,125,779 |

**Note 11 - Provisions :**

**(i) Long-term provisions**

Amount in AUD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Provision for employee benefits | | |
| - Compensated absences | **213,073** | 185,129 |
| - Other employee benefit obligations | **53,114** | 37,914 |
| **Total** | **266,187** | 223,043 |

**(ii) Short-term provisions**

Amount in AUD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Provision for employee benefits | | |
| -Compensated absences | **319,364** | 296,283 |
| -Other employee benefit obligations | **47,570** | 20,829 |
| Provision for warranties | **10,598.74** | 10,599 |
| **Total** | **377,533** | 327,711 |

**Note 12 - Other Current liabilities :**

Amount in AUD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Statutory remittances | **102,683** | 229,558 |
| Unearned revenue | **49,657** | 117,277 |
| Others | **478.02** | - |
| **Total** | **152,818** | 346,835 |

**Note 13 - Revenue from operations :**

Amount in AUD

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Revenue | **2,270,586** | 3,871,366 |
| **Total** | **2,270,586** | 3,871,366 |

**Note 14- Other Income**

Amount in AUD

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Interest income | **28,373** | 14,233 |
| **Total** | **28,373** | 14,233 |

**Note 15 - Employee benefits expense :**

Amount in AUD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Salaries, wages and bonus | **1,769,492** | 2,165,435 |
| Contribution to provident and other funds | **181,579** | 192,218 |
| **Total** | **1,951,071** | 2,357,653 |

**Note 16 - Other expense:**

Amount in AUD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Cost of hardware equipment, softwares and other items | **215,328** | 220,830 |
| Travelling and conveyance | **33,360** | 576 |
| Legal and profeesional | **32,122** | 146,984 |
| Repairs and maintenance | **312,579** | 339,707 |
| Communication costs | **1,109** | 3,050 |
| Advertising and sales promotion | **1,831** | 4,617 |
| Rent | **15,555** | 19,237 |
| Rates and Taxes | **39,880** | 42,300 |
| Miscellaneous expenses | **2,531** | 1,612 |
| Provision for doubtful debts (net) | **-** | 3,648 |
| Exchnage loss (net) | **654,513** | 331,285 |
| **Total** | **1,308,808** | 1,113,845 |

# COMVIVA TECHNOLOGIES NIGERIA LIMITED

**Directors:**
Mr. Tayo Adebola Olanrewaju
Mr. Anil Kumar Krishnan
Mr. Michael Ehijiator Eiremiokhae

**Chief Executive Officer**
Mr. Olabisi Fayombo - External CFO

**Registered No:**
943437

**Registered Office:**
No. 5 Isaac John Street, GRA, Ikeja,
Lagos- Nigeria

# DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2023

The Directors submit their report together with the Management Statements of Comviva Technologies Nigeria Limited ("The Company"), for the year ended 31st March, 2023.

**Principal Activity**

The principal activity of the Company is to provide solutions for telecommunication and network.

**Financial results and appropriations**

The financial results of the Company for the year ended 31st March, 2023 are set out in the statement of profit or loss and other comprehensive income.

**Events after the reporting period**

There are no significant events after the reporting period.

**Shareholder and its interest**

Comviva Technologies Limited, India is the 100% shareholder of the issued share capital of the Company at the reporting date. There were no changes to the shareholding structure during the year.

**Directors**

The Directors who served during the year are as follows:

Mr. Tayo Adebola Olanrewaju
Mr. Anil Kumar Krishnan
Mr. Michael Ehijiator Eiremiokhae

**On behalf of the Board of Directors,**

| | | |
|---|---|---|
| **Tayo Adebola Olanrewaju** | **Anil Kumar Krishnan** | **Michael Ehijiator Eiremiokhae** |
| Director | Director | Director |

Date 31st May 2023

# BALANCE SHEET AS AT MARCH 31, 2023

Amount in NGN

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non current assets** | | | |
| (a) Property, Plant and Equipment | 1 | **8,042,515** | 3,741,619 |
| (b) Income tax Asset (net) | | **107,226,818** | 250,038,818 |
| (c) Deferred tax assets | | **36,401,884** | 20,412,781 |
| **Total non-current assets** | | **151,671,217** | 274,193,219 |
| **Current Assets** | | | |
| (a) Financial Assets | | | |
| (i) Trade receivables | 2 | | |
| Billed | | **128,089,897** | 11,610,000 |
| Unbilled | | **743,723,429** | 390,068,348 |
| (ii) Cash and cash equivalents | 3 | **1,397,715,901** | 892,416,760 |
| (iii) Other financial assets | 4 | **1,209,068** | 4,085,699 |
| (b) Other current assets | 5 | **18,913,719** | 9,932,443 |
| **Total current assets** | | **2,289,652,015** | 1,308,113,250 |
| **TOTAL ASSETS** | | **2,441,323,232** | 1,582,306,469 |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| (a) Equity Share capital | 6 | **683,916,186** | 683,916,187 |
| (b) Other Equity | 7 | **(136,624,792)** | (600,448,413) |
| | | **547,291,394** | 83,467,774 |
| **Liabilities** | | | |
| **Non Current Liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 8 | **192,737,422** | 174,882,475 |
| **Total non-current liabilities** | | **192,737,422** | 174,882,475 |
| **Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Trade Payables | 9 | **1,070,125,609** | 1,050,855,521 |
| (ii) Other Financial Liabilities | 10 | **151,407,631** | 137,285,080 |
| (b) Provisions | 11 | **4,890,836** | 4,183,975 |
| (c) Other current liabilities | 12 | **474,870,340** | 131,631,645 |
| **Total current liabilities** | | **1,701,294,416** | 1,323,956,220 |
| **TOTAL EQUITY AND LIABILITIES** | | **2,441,323,232** | 1,582,306,469 |
| **See accompanying notes forming part of the financial statements** | 1-16 | | |

**For and on behalf of Comviva Technologies Nigeria Limited**

| | |
|---|---|
| **Michael Ehijiator Eiremiokhae** | **Anil Kumar Krishnan** |
| Director & CEO | Director |
| **Tayo Abebola Olanrewaju** | **Oabisi Fayombo** |
| Director | Chief financial officer |

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

Amount in NGN

| Particulars | Note No. | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|---|
| Revenue from operations | 13 | **1,405,255,363** | 1,467,209,060 |
| Other income | 14 | **18,152,220** | 7,727,310 |
| **Total income (I+II)** | | **1,423,407,583** | 1,474,936,371 |
| **Expenses** | | | |
| (a) Employee benefits expense | 15 | **257,006,886** | 223,076,808 |
| (b) Subcontracting cost | | **66,874,401** | 64,014,438 |
| (c) Finance costs | | **2,482,208** | 12,838,393 |
| (d) Depreciation and Amortization expense | 1 | **3,255,173** | 3,106,883 |
| (e) Other expenses | 16 | **359,346,729** | 884,409,670 |
| **Total expenses** | | **688,965,396** | 1,187,446,192 |
| Profit before tax | | **734,442,187** | 287,490,179 |
| **Tax expenses** | | | |
| (a) Current tax | | **286,607,488.55** | 125,766,551 |
| (b) Deferred tax | | **(15,989,102.30)** | (7,694,352) |
| | | **270,618,386** | 118,072,199 |
| **Profit after tax** | | **463,823,801** | 169,417,980 |
| **See accompanying notes forming part of the financial statements** | **1-16** | | |

**For and on behalf of Comviva Technologies Nigeria Limited**

| | |
|---|---|
| **Michael Ehijiator Eiremiokhae** | **Anil Kumar Krishnan** |
| Director & CEO | Director |
| **Tayo Abebola Olanrewaju** | **Oabisi Fayombo** |
| Director | Chief financial officer |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## Note 1 - Property, Plant and Equipment

Amount in NGN

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at March 31, 2022 | Additions during the year | Disposals during the year | For the Year ended March 31, 2023 | As at March 31, 2022 | For the period | Disposals during the year | For the Year ended March 31, 2023 | For the Year ended March 31, 2023 | As at March 31, 2022 |
| Computers | 94,273,820 | 7,556,069 | | 101,829,888 | 90,829,659 | 3,159,823 | | 93,989,482 | 7,840,407 | 3,444,161 |
| Networking | 923,475 | - | - | 923,475 | 923,475 | - | - | 923,475 | - | - |
| Office Equipments | 2,975,327 | - | - | 2,975,327 | 2,677,869 | 95,350 | | 2,773,219 | 202,108 | 297,458 |
| | **98,172,621** | **7,556,069** | **-** | **105,728,690** | **94,431,002** | **3,255,173** | **-** | **97,686,175** | **8,042,515** | **3,741,619** |

**Note 2 - Trade receivables :**

Amount in NGN

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Considered good | **128,089,897** | 11,610,000 |
| Less: Allowance for doubtful trade receivables | **-** | - |
| | **128,089,897** | 11,610,000 |
| Trade receivables -Billed (A) | **128,089,897** | 11,610,000 |
| Trade receivables -Unbilled (B) | **743,723,429** | 390,068,348 |
| **Total** | **871,813,326** | 401,678,348 |

**Note 3 - Cash and cash equivalents :**

Amount in NGN

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balances with banks: | | |
| - In current accounts | **297,715,902** | 42,416,760 |
| - In deposit accounts | **1,099,999,999** | 850,000,000 |
| **Total** | **1,397,715,901** | 892,416,760 |

**Note 4 - Other Financial Assets :**

**Other Financial assets : Current**

Amount in NGN

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Security deposits | **950,000.00** | 950,000 |
| Interest accrued | **259,068** | 3,135,699 |
| **Total** | **1,209,068** | 4,085,699 |

**Note 5 - Other Assets :**

**Other current assets : Current**

Amount in NGN

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Advance to suppliers | **-** | - |
| Capital advances | **-** | - |
| Prepaid expenses | **166,968** | 483,585 |
| Other loans and advances | **18,746,750.79** | 9,448,858 |
| **Total** | **18,913,719** | 9,932,443 |

**Note 6 -Equity Share capital :**

Amount in NGN

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **Number** | **Amount in NGN** | Number | Amount in NGN |
| **(a) Authorised :** | | | | |
| Equity shares of N 1 each | **1,000,000,000** | **1,000,000,000** | 1,000,000,000 | 1,000,000,000 |
| Equity shares of N 1 each fully paid up | **683,916,186** | **683,916,186** | 683,916,187 | 683,916,187 |
| **Total** | **683,916,186** | **683,916,186** | 683,916,187 | 683,916,187 |

**Note 7 - Other Equity :**

Amount in NGN

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| Surplus in the statement of profit and loss | | | | |
| Opening balance | **(600,448,593)** | | (769,866,393) | |
| Add: profit for the year | **463,823,801** | | 169,417,980 | |
| Closing balance | | **(136,624,792)** | | (600,448,413) |
| **Total** | | **(136,624,792)** | | (600,448,413) |

**Note 8 -Borrowings :**

**Long-term borrowings**

Amount in NGN

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Unsecured | | |
| -Loan from related party | **192,737,422** | 174,882,475 |
| **Total** | **192,737,422** | 174,882,475 |

**Note 9 - Trade payables :**

Amount in NGN

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade Payables | **1,070,125,609** | 1,050,855,521 |
| **Total** | **1,070,125,609** | 1,050,855,521 |

**Note 10- Other Financial Liabilities : Current**

Amount in NGN

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Interest accured | **6.66** | 7 |
| Due to related parties | **136,201,722** | 124,027,017 |
| Accrued salary and benefits | **15,205,903** | 13,258,057 |
| **Total** | **151,407,631** | 137,285,080 |

**Note 11 - Provisions**

Amount in NGN

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Provision for employee benefits | | |
| -Compensated absences | **4,890,836** | 4,183,975 |
| **Total** | **4,890,836** | 4,183,975 |

**Note 12 - Other current liabilities :**

Amount in NGN

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Statutory remittances | **5,431,935** | 5,781,389 |
| Advance from customers | **125,850,245** | 125,850,245 |
| Unearned revenue | **343,588,159** | 11 |
| **Total** | **474,870,340** | 131,631,645 |

**Note 13 - Revenue from operations :**

Amount in NGN

| Particulars | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| Revenue | **1,405,255,363** | 1,467,209,060 |
| **Total** | **1,405,255,363** | 1,467,209,060 |

**Note 14 - Other income :**

Amount in NGN

| Particulars | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| Interest income | **18,152,220** | 7,711,242 |
| Profit on sale of property, plant and equipment | **-** | 16,068 |
| Miscellaneous Income | **-** | - |
| **Total** | **18,152,220** | 7,727,310 |

**Note 15 - Employee benefits expense :**

Amount in NGN

| Particulars | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| Salaries, wages and bonus | **243,860,162** | 209,561,959 |
| Contribution to provident and other funds | **12,466,724** | 10,723,439 |
| Staff Welfare Expenses | **679,999** | 2,791,410 |
| **Total** | **257,006,886** | 223,076,808 |

**Note 16 - Operating and other expense:**

Amount in NGN

| Particulars | For the Year ended March 31, 2023 | For the Year ended March 31, 2022 |
|---|---|---|
| Cost of hardware equipment, softwares and other items | **136,110,707** | 722,788,995 |
| Rent | **4,703,625** | 6,777,419 |
| Rates and taxes | **4,500,313** | 497,335 |
| Insurance | **1,928,905** | 7,335,236 |
| Power and fuel | **(200,000)** | - |
| Repairs and maintenance | **321,926** | 13,916,074 |
| Advertising and sales promotion | **10,765,780** | 6,311,399 |
| Exchange loss (net) | **126,267,975** | 64,538,424 |
| Communication costs | **1,568,715** | 2,835,215 |
| Conference expenses | **6,527,948** | - |
| Legal and professional fees | **20,154,670** | 50,496,027 |
| Travelling and conveyance | **45,911,498** | 7,541,996 |
| Miscellaneous expenses | **784,669** | 1,371,548 |
| **Total** | **359,346,729** | 884,409,670 |

# COMVIVA TECHNOLOGIES (ARGENTINA) S.A.

**Board of Directors:**
**President and Chairman**
Maximiliano Gustavo Knüll

**Vice Chairman**
Jose Taravilse
(resigned w.e.f 31st March, 2023)
Micaela Veiga Castro
(appointed as Regular Director & Vice President w.e.f 31st March, 2023)

**Regular Director**
Ashish Kumar

**Alternate Director**
Manoranjan Mohapatra

**Registered No:**
CUIT: 30-64627917-4

**Registered Office:**
Av. Corrientes 880, 11th Floor City of Buenos Aires Argentina

# REPORT

**To the Shareholders of COMVIVA TECHNOLOGIES (ARGENTINA) S.A.**

A new fiscal year has ended for our Company.

As in previous years, the interest of keeping our highly skilled payroll has prevailed as the main asset of our Company. Likewise, we have favored the long-term relationship with our customers, reporting change as a business opportunity for those involved.

On the issuance date of the financial statements, the results of the fiscal year ending on June 30th, 2022 show a loss of $ $390,145.

During this fiscal year, the financial statements have been adjusted for inflation at the closing date, as Argentine professional accounting standards provide that financial statements must be prepared recognizing changes in the currency's purchasing power according to Technical Regulations (TR) No. 6 and No. 17, as amended by TR No. 39, standards issued by the Argentine Federation of Professional Councils of Economic Sciences (FACPCE) According to these standards, the application of the adjustment for inflation must be made when facing a high inflation context. Such an inflation context is characterized, among others, by the fact that there is a cumulative inflation rate in three years that reaches or surpasses 100%.

For this reason, according to the above mentioned professional accounting standards, Argentine economy was considered of high inflation since July 1st, 2018. Thus, the above-mentioned adjustment was applied in the Company during the fiscal year ended on June 30th, 2019 and thereafter.

Note 1 of these financial statements, BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS, describes the basis for preparation and application of the procedure of adjustment due to inflation.

In reference to the results of the fiscal year, the loss in relation to the previous fiscal year is due to the inflation impact and exchange rate control which does not follow inflation, creating a negative financial result.

The changes in the assets and liabilities are mainly due to the fluctuation of the exchange rate during this fiscal year.

The relationships with the affiliated companies and the changes operated in credits and debts kept with them are detailed in note 5 of these financial statements.

Since March 2020, global economic and financial conditions were severely affected by the outbreak of a new coronavirus (SARS-CoV2) causing the COVID-19 disease, declared pandemic by the World Health Organization on March 11th, 2020. The Argentinian government ordered a preventive and compulsory social isolation through Decree No. 297/2020 of the National Executive Power.

During the fiscal year ended on June 30th, 2021, Argentina's health situation followed a trend similar to the world's trend. After the first infection wave, reaching its peak in October 2020, there was a sharp slowdown from November reaching minimum infection levels in February 2021. From then on, infections increased in what was called the second wave, reaching maximum levels again in May with 822 thousand confirmed positive cases. As regards the vaccination process, Argentina started vaccinating its population in January 2021 very gradually during the first months of the year, and accelerating its pace between March and June. That way, by the end of June 2021, 37% of the population had been vaccinated with the first dose.

The Government´s handling of the pandemic started to relax since August 2020, sequentially abandoning the strict lockdown measures implemented in March 2020 (where some essential activities and economic sectors basically related to health, food and safety were authorized) to social distancing measures and specific restrictions to use the public transport, education and services related to the entertainment, tourism, hotels and restaurant sectors.

The Company has not suffered significant impacts on its results as a consequence of the pandemic. Although we´ve faced different kind of difficulties that decelerated our activities, operations were kept ongoing and we expect them to continue on case of any eventual difficulty.

The Company's Board of Directors is closely monitoring the situation and is taking the necessary measures within its reach to preserve human life and its operation checking the compliance and implementation of the plan for the surveillance, prevention, and control of COVID at work to guarantee the health and wellbeing of the employees, customers and community.

Regarding the future business perspectives, we point out that the telecommunications sector in Argentina is governed by Decree 690 dated August 2020, which provides that these services are an essential and competitive public utility. The fact that telephonic carriers have resorted to the court, added to a context marked by macroeconomic difficulties like high inflation, has delayed the progress of agreements that allow to revitalize investments in the sector. For the next years, it is expected that new investments will be generated in areas of connectivity and network by the telephone companies, besides the renewals of the services agreements currently in force.

We´d like to thank the Company’s staff, our customers, suppliers and everybody who has collaborated somehow in this new fiscal year.

**BOARD OF DIRECTORS**

# INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

COMVIVA TECHNOLOGIES (ARGENTINA) S.A.

CUIT (Individual Taxpayer Identification) N°: 30-64627917-4

Legal domicile: Maipú 1, 2nd floor

City of Buenos Aires - Argentina

**Report on financial statements**

**Identification of the financial statements subject-matter of the audit**

We have audited the attached financial statements of COMVIVA TECHNOLOGIES (ARGENTINA) S.A. (hereinafter indistinctly referred to as "COMVIVA TECHNOLOGIES (ARGENTINA) S.A." or the "Company"), which consist on the statement of financial condition as of June 30th, 2022, the income statement, the statement of changes in shareholders' equity and the statement of cash flow for the fiscal year ended on such date, as well as a summary of the significant accounting policies and other explanatory information included in notes 1 to 10 and annexes I to IV.

Figures and other information for the fiscal year ended on June 30th, 2021, restated in June 2022 currency according to what is pointed out in note 1.2 to the attached financial statements, are part of the financial statements above mentioned and are presented to be exclusively interpreted related to the figures and the information of the current fiscal year.

Responsibilities of the Board of Directors in relation to the financial statements

The Board of Directors of the Company is responsible for the preparation and fair presentation of the attached financial statements according to Argentine professional accounting standards and of the internal control deemed necessary by the Board of Directors to allow the preparation of financial statements free from significant misstatements.

**Responsibility of auditors**

Our responsibility consists on expressing an opinion about the attached financial statements based on our audit. We have carried out our assessment in accordance with the audit standards set in Technical Resolution No. 37 of the Argentine Federation of Professional Councils of Economic Sciences. Such standards require that we comply with the ethical requirements, and that we plan and execute the audit to determine with reasonable certainty that the financial statements are free from significant misstatements.

An audit entails the application of procedures to obtain evidence about the figures and information submitted in the financial statements. The selected procedures depend on the professional judgement of the auditors, including risk assessment of significant misstatements in the financial statements. When assessing risk, auditors take into account the corresponding internal control for the preparation and fair presentation of the financial statements by the Company, so as to design the proper audit procedures for the circumstances and not to express an opinion about the efficiency of the Company's internal control. An audit also includes the assessment of the adequacy of the accounting policies applied and the reasonability of the accounting estimates made by the Board of Directors of the Company, as well as the assessment of the overall presentation of the financial statements.

We believe that the evidence that we have obtained is appropriate and sufficient to provide a basis for our audit opinion.

**Opinion**

In our opinion, the attached financial statements reasonably present, in all its significant aspects, the financial condition of COMVIVA TECHNOLOGIES (ARGENTINA) S.A. as of June 30th, 2022, as well as its results, the changes in shareholders' equity and the statement of cash flow corresponding to the fiscal year ended on such date, according to the Argentine professional accounting standards.

Report on other legal and regulatory requirements

a) As set forth in the Company's financial statements, the liabilities accrued as of June 30th, 2022 in favor of the Argentine Integrated Social Security System as payments of deposits and contributions amounted to $7,845,144.76, not being subject to call as on such date.

b)We have applied the procedures on prevention of laundering of assets of criminal origin and terrorism finance set forth in Resolution No. 420/11 of the Argentine Federation of Professional Councils of Economic Sciences.

Buenos Aires, September 15th, 2022

**MARINOZZI – MAZZITELLI & ASOCIADOS S.R.L.**
(Trading Companies Registry
C.P.C.E.C.A.B.A. V° 1 – P° 36)

**LEANDRO MANUEL JUSTO (Partner)**
Public Accountant (U.B.A.)
C.P.C.E.C.A.B.A. - V° 373 – P° 059

# COMVIVA TECHNOLOGIES (ARGENTINA) S.A.

| | |
|---|---|
| Legal domicile: | Maipu 1, 2nd Floor - City of Buenos Aires |
| Main activity of the Company: | Consulting services delivery, software development and marketing backup. |
| Date of entry of the Bylaws in the Public Registry of Commerce: | October 4th, 1991 |
| Date of entry of last amendment in the Public Registry of Commerce | November 15th, 2018 |
| Registration in the Superintendence of Corporations: | 7990 - B. 110 - B° “A” of S.A. |
| Date of termination set for the terms of duration of the Company: | October 3rd, 2090 |
| C.U.I.T (Individual Taxpayer Identification) N°: | 30-64627917-4 |
| Parent company: | Comviva Technologies B.V. |
| Legal domicile: | Maanplein 20, Building 8<br>2516 CK- The Hague-<br>- The Netherlands |
| Main activity: | To finance and administer companies, and offer and provide services |
| Contribution rate of the parent company: | 99.96% |

**FISCAL YEAR No. 31**

**BEGRIMING ON JULY 1ST, 2021**

**FINANCIAL STATEMENTS AS OF JUNE 30TH, 2022**

(presented comparatively for the fiscal year ended on June 30th, 2021)

(in Pesos)

**COMPOSITION OF CAPITAL**

**(note 4)**

| | **… 2022 …** | **… 2021 …** |
|---|---|---|
| Amount of registered common shares of $1 para value each, having 1 vote per share | 2,255,800 | 2,255,800 |

# STATEMENT OF FINANCIAL CONDITION AS OF JUNE 30TH, 2022

(comparative with fiscal year ended on June 30th, 2021)
(in constant currency)
(in pesos-note 1.2)

| | Ref. | … 2022 … | … 2021 … |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and banks | Note 2.a) | **55,030,261** | 19,280,478 |
| Account receivables | Note 2.b) | **379,483,839** | 402,344,680 |
| Other receivables | Note 2.c) | **13,517,572** | 30,386,296 |
| Other assets | Note 2.d) | **1,551,692** | 639,870 |
| **Total Current Assets** | | **449,583,364** | 452,651,324 |
| **NON-CURRENT ASSETS** | | | |
| Other receivables | Note 2.c) | **8,304,427** | 1,881,011 |
| Fixed assets | Exhibit I | **59,518,955** | 78,261,331 |
| Deferred tax | Note 3) | **18,085,308** | 33,914,525 |
| **Total Non-current assets** | | **85,908,690** | 114,056,867 |
| **TOTAL ASSETS** | | **535,492,054** | 566,708,191 |
| **LIABILITY** | | | |
| **CURRENT LIABILITIES** | | | |
| Debts: | | | |
| Account payables | Note 2.e) | **147,722,723** | 159,835,108 |
| Payroll and payroll taxes payable | Note 2.f) | **74,032,083** | 77,425,126 |
| Taxes payable | Note 2.g) | **7,901,868** | 26,290,222 |
| Financial debt | Note 2.h) | **74,198,405** | 91,183,919 |
| Advance payments from customers | | **41,689,168** | 21,640,269 |
| **Total Current liabilities** | | **345,544,247** | 376,374,644 |
| **NON-CURRENT LIABILITIES** | | | |
| Allowance for lawsuits and contingencies | Exhibit II | **500,000** | 495,595 |
| **Total Non-current liabilities** | | **500,000** | 495,595 |
| **TOTAL LIABILITIES** | | **346,044,247** | 376,870,239 |
| **SHAREHOLDERS' EQUITY (according to respective statement)** | | **189,447,807** | 189,837,952 |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **535,492,054** | 566,708,191 |

Notes 1 to 10 and Exhibits I to IV form an integral part of this statement.

# INCOME STATEMENT FOR FISCAL YEAR ENDED ON JUNE 30TH 2022

(comparative with fiscal year ended on June 30th, 2021)

(in constant currency)

(in pesso-note 1.2)

| | Ref. | **… 2022…** | … 2021 … |
|---|---|---|---|
| Net income for services rendered | Note 2.i) | **668,442,996** | 739,744,071 |
| Cost of services rendered | Exhibit IV | **(375,748,926)** | (404,812,131) |
| **Gross margin** | | **292,694,070** | 334,931,940 |
| Commercialization expenses | Exhibit IV | **(54,822,273)** | (55,419,407) |
| Administration expenses | Exhibit IV | **(123,554,516)** | (178,952,084) |
| Other income and expenses, net | Note 2.j) | **(9,463,690)** | (17,882,748) |
| Financial and holding results (includes RECPAM) | | **(84.311.068)** | (99,775,684) |
| **Result Before Income Tax** | | **20,542,523** | (17,097,983) |
| Income tax | Note 3) | **(20,932,668)** | 14,946,861 |
| **NET RESULT OF FISCAL YEAR** | | **(390,145)** | (2,151,122) |

Notes 1 to 10 and Exhibits I to IV form an integral part of this statement.

# STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY FOR FISCAL YEAR ENDED ON JUNE 30TH, 2022

(comparative with the fiscal year ended on June 30th, 2021)

(in constant currency)

(in pesos-note 1.2)

| Concept | Capital | | | | Reserves | | | | Retained earnings | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Capital stock | Capital adjustment | Issuance premium | Total | Legal reserves | Voluntary reserve | Reserve for future dividends | Total | | |
| **Balance as on June 30th, 2020** | 2,255,800 | 11,862,088 | 233,257,312 | 247,375,200 | 1,748,677 | 23,296,784 | 90,255,331 | 115,300,792 | (170,686,918) | 191,989,074 |
| Net result for the fiscal year | | | | | | | | | (2,151,122) | (2,151,122) |
| **Balance as on June 30th, 2021** | 2,255,800 | 11,862,088 | 233,257,312 | 247,375,200 | 1,748,677 | 23,296,784 | 90,255,331 | 115,300,792 | (172,838,040) | 189,837,952 |
| Net result for the fiscal year | | | | | | | | | (390,145) | (390,145) |
| **Balance as on June 30th, 2022** | **2,255,800** | **11,862,088** | **233,257,312** | **247,375,200** | **1,748,677** | **23,296,784** | **90,255,331** | **115,300,792** | **(173,228,185)** | **189,447,807** |

Notes 1 to 10 and Exhibit I to IV form an integral part of this statement.

COMVIVA TECHNOLOGIES (ARGENTINA) S.A.

# STATEMENT OF CASH FLOW FOR THE FISCAL YEAR ENDED ON JUNE 30TH, 2022

(comparative with the fiscal year ended on June 30th, 2021)
(in constant currency)
(in pesos-note 1.2)

| | **… 2022 …** | … 2021… |
|---|---|---|
| **CASH VARIATIONS** | | |
| Cash at the beginning of the fiscal year (Note 1.4.g) | **45,588,629** | 110,609,539 |
| Cash at the end of the fiscal year (Note 1.4.g) | **103,421,111** | 45,588,629 |
| **Net Increase (Decrease) of cash** | **57,832,482** | (65,020,910) |
| **Reasons for cash flow variation** | | |
| **Operating activities** | | |
| Net result of fiscal year | **(390,145)** | (2,151,122) |
| Income tax | **20,932,668** | (14,946,861) |
| Adjustments to reach net cash flow from operating activities | | |
| Depreciation of fixed assets | **26,224,711** | 26,638,523 |
| Decrease in provisions | **(16,468,951)** | (19,281,057) |
| Net variations in assets and liabilities: | | |
| Decrease in account receivables | **44,943,540** | 120,036,460 |
| Decrease / (Increase) in other receivables | **26,918,664** | (5,342,867) |
| Increase in other assets | **(911,822)** | (109,066) |
| Decrease in account payables | **(12,112,385)** | (28,531,277) |
| (Decrease) / Increase in payroll and payroll tax payables | **(3,393,043)** | 2,187,838 |
| Decrease in tax payables | **(23,491,805)** | (10,263,298) |
| Increase / (Decrease) in advance payments from customers | **20,048,899** | (25,428,797) |
| **Net cash flow generated in operating activities** | **82,300,331** | 42,808,476 |
| **Investment activities** | | |
| Acquisition of fixed assets | **(7,533,564)** | (96,331,306) |
| Decrease in fixes assets | **51,229** | 333,319 |
| **Net cash flow used in investment activities** | **(7,482,335)** | (95,997,987) |
| **Financing activities** | | |
| Decrease in financial debts | **(16,985,514)** | (11,831,399) |
| **Net cash flow used in financing activities** | **(16,985,514)** | (11,831,399) |
| **Net increase (decrease) in cash flow** | **57,832,482** | (65,020,910) |

Notes 1 to 10 and Exhibits I to IV form an integral part of this statement.

# NOTES TO FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30TH, 2022

(comparative with the fiscal year ended on June 30th, 2021)

(in constant currency)

(in pesos-note 1.2)

## 1. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

### 1.1 Accounting standards applied

These financial statements have been prepared and disclosed in accordance with the Technical Regulations and Interpretations of the Argentine Federation of Professional Councils of Economic Sciences (FACPCE), taken by the Argentine Federation of Professional Councils of Economic Sciences (C.P.C.E.C.A.B.A.), in force and applicable to entities not included in the public tender offer regime and which have not opted for the application of International Financial Reporting Standards (Argentine professional accounting standards ).

### 1.2 Unit of measurement

Financial statements have been prepared in constant currency recognizing the effects of inflation according to the corresponding generally accepted professional accounting standards.

In the restatement to reflect the variations in the currency purchasing power the adjustment method established by the Technical Resolution No. 6 (TR No. 6), its amending and supplementing provisions were followed in the way it was approved and regulated by the Argentine Federation of Professional Councils of Economic Sciences of the City of Buenos Aires.

The index used for the restatement is the Consumer Price Index (CPI) published by the National Institute of Statistics and Censuses of Argentina (INDEC), since January 1st, 2017 and, backwards, Internal Wholesale Prices Index (IPIM) set by said Institute or, in its absence, consumer price indexes published by the General Directorate of Statistics and Census of the City of Buenos Aires. Index variations used to restate this financial statements have been of 63.98% in the fiscal year ended on June 30th, 2022 and of 50.20% in the previous fiscal year.

By Resolution C.D. No. 107/2018 of the C.P.C.E.C.A.B.A., amended on April 3rd, 2019 by Resolution C.D. No. 18/2019 of the C.P.C.E.C.A.B.A., the second part of the resolution JG FACPCE No. 539/18 was approved, as indicated in the Annex of the mentioned Resolution of the C.P.C.E.C.A.B.A., mandatorily applicable for the financial statements of fiscal years or intermediate periods ended on and including December 31st, 2018, considering the possibilities of using certain simplifications as regards to the methodology established in the TR No. 6. In the C.P.C.E.C.A.B.A. standards different relevant aspects are also defined to apply the procedures of restatement of the financial statement figures.

The Company applied the inflation adjustment of TR No. 6, with the following options granted by the JG Resolution 539/18:

- Option of determining and presenting financial results and holding results (including RECPAM) in one line

  The Company exercised the option of TR 6 and the JG Resolution 539/18 of presenting the R.E.C.P.A.M. included in the financial results and holding results in only one line.

  Non-opening of financial results and holding results (including the RECPAM) makes it impossible to determine the real magnitude of the different components of the financial results and holding results, neither their nominal magnitude adjusted by inflation and the RECPAM effect on those results. This limitation also prevents the determination of certain financial ratios, as financial assets performance, the cost of indebtedness, leverage, etc.

- Option of not identifying the variation of financial results and holding results (including RECPAM) in Statement of Cash Flow

The Statement of Cash Flow has been prepared by the indirect method and the variation of the financial results and holding results (including RECPAM) generated by cash and its equivalents is kept within the results of the period. Such amount has not been identified, which prevents us from knowing the net cash flow determination used in the operating activities.

**1.3 Comparative information**

According to the requirements of the Argentine professional accounting rules, the accounting statements as of June 30th, 2022, with its notes and exhibits, are presented comparatively with the figures of the fiscal year ended on June 30th, 2021.

**1.4 Main assessment criteria applied in the preparation of the accounting statements.**

**a) Monetary items:**

Cash and banks, credits and liabilities are expressed at their nominal value at the end of each fiscal year

**b) Assets and liabilities in foreign currency:**

Assessed according to the suitable exchange rate or rate applied at the end of each fiscal year.

**c) Other assets:**

Supplies: Current replacement cost has been assessed at the end of each fiscal year, which does not exceed its recoverable value.

**d) Fixed assets:**

Acquisition cost: assessed at their acquisition costs restated according to what is mentioned in note 1.2.

Depreciation: fixed assets are depreciated following the straight-line method since the acquisition year, applying the aliquots estimated for each fixed asset, determined according to the estimated lives. The cumulative depreciations have been restated according to what is mentioned in note 1.2.

Fixed assets value does not exceed the estimated use value.

**e) Capital stock, earnings allocated to reserves and unallocated earnings:**

Net worth balances adjusted at the beginning of the fiscal year were updated at the end of the fiscal year according to what was mentioned in note 1.2.

Capital stock was restated in currency as at closing date, according to note 1.2. The difference with the nominal value is shown as “capital adjustment” in the net worth.

Unallocated earnings are restated in currency as at closing date, according to what was established in note 1.2.

**f) Income tax:**

The Company determines the accounting charge for income tax according to the method of the deferred tax which considers the effect of the temporary differences originated in the different measuring base of assets and liabilities according to the accounting and tax criteria, and of the existing tax loss carryforward and tax credits not used tax deductible of future taxable incomes, calculated considering the prevailing tax rate, and the rate in force at the time of the reversion.

On December 29th, 2017, Law No. 27.430 on Tax Reform was published in the Official Gazette, effective as from the day after its publication. The tax reform introduces amendments to the Income Tax Law, including the reduction of the aliquot which levies retained company earnings of 35% to 25% as of January 1st, 2020, with a transitional model for the two fiscal years starting on January 1st, 2018, where the aliquot turned to 30%. The main accounting impact of the new standard is the measuring of assets and liabilities by deferred tax, as they have to be recognized applying the tax rate applied on the dates when the differences between book and tax values are reversed or used.

Likewise, by virtue of the amendments introduced by Laws No. 27.430 and No. 27.468 to the Income Tax Law (“ITL”), the adjustment procedure for tax inflation set forth in article 95 of the ITL (static and dynamic adjustments), in the fiscal year when variation percentage in the general level CPI accumulated in the thirty six (36) months before the end of the fiscal year liquidated, above one hundred percent (100%) shall be applicable for the fiscal years starting on January 1st, 2018, Without limiting the foregoing, as regards to the first, second and third fiscal years since its entry into force, that procedure shall be applicable if the variation of this index, estimated from the beginning till the end of each of these fiscal years, is above fifty five percent (55%), thirty percent (30%) and fifteen percent (15%) for the first, second and third year of application, respectively. Nevertheless, the adjustment for tax inflation (positive or negative) that shall be applied regarding the first, second and third fiscal years starting on January 1st, 2018 shall only be computable on one third of the period of origin while the remaining two thirds, in equal parts, shall be computable on the two immediately following tax periods.

The “Social Solidarity and Productive Reactivation Law No. 27.541” (Ley de Solidaridad Social y Reactivación Reproductiva No. 27.541),whereby public emergency is declared in economic, financial, tax, administrative, social security, tariff, energy, health and social issues, was published in the Official Gazette on December 23rd, 2019. Within the amendments introduced, as regards to income tax, it suspended the reduction of 25% of the income tax aliquot until the fiscal year starting on January 1st, 2021, keeping the rate of 30%; and stablished that the adjustment for tax inflation, corresponding to the first and second fiscal years starting on January 1st, 2019, if applicable, shall be allocated 1/6 to this tax period and the remaining 5/6, in equal parts, to the immediately following 5 tax periods. The provisions do not preclude the calculation of the remaining thirds corresponding to the previous periods.

During the fiscal years ended on June 30th, 2022 and 2021, the CPI variation was of 63.98% and 50.20%, respectively. Consequently, as the inflation accrues in the thirty-six months prior to June 30th, 2022 has exceeded the 100% target, the procedure of tax adjustment due to inflation was applied.

Through Decree No. 387/2021 (O.G. 16/06/2021), Law 27.630 – on Income Tax – was passed, making amendments to the aliquot of this tax for legal persons incorporating progressive scales applied to fiscal years starting on January1st, 2021.

This new regulation has an impact on the measurement of deferred tax assets and liabilities as from the entry into force of the new law, as they have to be recognized applying tax rates passed on the closing date when temporary differences shall be reverted or used. In view of the above, and since the new amendments are applicable for the next fiscal year, the Board of Directors decided to value its deferred tax assets and liabilities at the close of this fiscal year applying an estimated rate for the reversion or use of the entries. The effect for the aforementioned rate change is exposed in note 3 of these financial statements.

Benefits under Law No. 25.922 “Knowledge Economy Promotion Regime”

Background:

Software Industry Promotion Law (Ley de Promoción de la Industria del Software)

The Company is entitled to the benefits of Law No. 25.922 “Software Industry Promotion Law”, published in the Official Gazette on September 9th, 2004. Subjects adhering to this regime shall enjoy tax stability for ten years reaching all national taxes, meaning direct taxes, tax rates and contributions having those registered beneficiaries as taxable people. Tax stability means that subjects developing software production activities shall not see their national total tax burden increased when incorporating the Company to this general legal framework.

The beneficiaries of the regime of this law engaged in software development and investigation activities and/or processes of quality certification of software developed in the national territory and/or software export, shall be able to turn into a non-transferable tax credit bond up to 70% of the employer contributions effectively paid on the total payroll of the company to the social security systems and subsystems set forth in Laws No. 19.032 (National Social Security Administration), 24.013 (National Employment Fund) and 24.241 (Integrated Retirement and Pension System). The beneficiaries may use those certificates to pay national taxes originated in the software industry, in particular the value added tax or other national taxes and their advanced payments, if applicable, excluding the income tax.

Subjects adhering to the promotion regime set forth in this law shall have a 60% relief on the total amount of the income tax determined in each fiscal year, while investigation and development and/or quality certification processes and/or software exports expenditures are charged in the amounts set by the implementing authorities. The benefit only applies to the activities corresponding to the promotion regime.

Law No. 26.692, published in the Official Gazette on August 18th, 2011, made amendments to the software industry promotion law, among others, extending its validity until December 31st, 2019.

Knowledge Economy Promotion Regime - Law No. 27,570 (“Ley de Economía del Conocimiento”)

Law No. 27,506 “Knowledge Economy Promotion Regime”, which would replace the Software Industry Promotion Law with effect from January 1st, 2020 was published in the Official Gazette on June 10th, 2019. However, the law was left without effects and then amended for its approval with certain modifications on October 8th, 2020, implementing its regulation on February 18th, 2021.

As part of the process for adhesion to the Knowledge Economy Promotion Law, the Company ought to registered with the National Registry of Beneficiaries of the Knowledge Economy Promotion Regime. On December 29th, 2021 the Secretariat of Knowledge Economy approved the registration of the Company within this registry, which allowed it to enjoy the tax benefits included in this law starting on January 2020, as mentioned above.

The subjects beneficiaries of this regime shall receive a fiscal credit bond equal to 70% of the employer contributions actually paid in relation to its staff subject to the activities promoted and in accordance with the conclusions of the technical assessment report.

On the other hand, a 20% reduction of the amount of the income tax is provided, corresponding to the activities promoted and in accordance with the classification of the type of company based on its size. The Company was classified as a large company.

**g) Statement of Cash Flow:**

Such statement is presented according to the indirect method, going from the net result of each fiscal year, adding or deducting, as appropriate, those entries involved in its determination, but which did not affect the funds and the changes in assets and liabilities. The items of Cash and banks and Sales credits are considered items of “Cash and its equivalents” according to the following detail:

| | **… 2022 …** | … 2021 … |
|---|---|---|
| Cash and banks | **55,030,261** | 19,280,478 |
| Instruments for deposit (*) | **48,390,850** | 26,308,151 |
| **Total cash and equivalents** | **103,421,111** | 45,588,629 |

(*) Corresponds to “Instruments for deposit” due in less than 90 days.

**h) Estimates:**

The preparation of the financial statements, according to accounting standards in force, requires the Board of Directors of the Company to make estimates affecting the determination of the amounts of assets and liabilities and the disclosure of contingencies at the date of presenting the financial statements. The real amounts and results may differ from the estimates made for the preparation of the financial statements.

or other non-recoverable credits: Set on the basis of an individual analysis of recoverability of receivables.

For deferred tax: Set on the basis of the individual analysis of the probability of reversion of the items of the deferred tax.

For lawsuits and contingencies: Set to cover possible claims and contingency situations that could create liabilities for the Company. The opinion of the legal advisers of the Company was considered in the estimates of amounts and likelihood of occurrence.

**i) Results:**

The income statements were restated in the currency as at closing date, according to what was established in note 1.2. The differences with their nominal values were included in the line “Financial and holding results (includes RECPAM)” of the income statement.

**2. COMPOSITION OF THE MAIN ITEMS OF THE FINANCIAL STATEMENTS.**

The composition of the main items of the financial statements are the following:

| | | …2022… | …2021… |
|---|---|---|---|
| **2.a)** | **Cash and banks** | | |
| | Cash in local currency | **79,441** | 125,846 |
| | Cash in foreign currency (Exhibit III) | **27,244** | 35,401 |
| | Banks in local currency | **53,409,565** | 7,310,387 |
| | Banks in foreign currency (Exhibit III) | **1,514,011** | 11,808,844 |
| | **Total** | **55,030,261** | 19,280,478 |
| **2.b)** | **Account receivables** | | |
| | Account receivables in local currency | **11,964,461** | 17,976 |
| | Account receivables in foreign currency (Exhibit III) | **27,200,013** | 30,972,138 |
| | Related parties (note 5) | **291,928,515** | 345,046,415 |
| | Instruments for deposit | **48,390,850** | 26,308,151 |
| | **Total** | **379,483,839** | 402,344,680 |
| **2.c)** | **Other receivables** | | |
| | Current | | |
| | Value added tax | **-** | 19,952,318 |
| | Income tax | **267,161** | 340,103 |
| | Turnover tax | **3,186,778** | 2,618,274 |
| | Loans to employees | **-** | 13,665 |
| | Pre-paid expenses | **3,527,781** | 6,522,119 |
| | Benefit from Knowledge Economy Law (*) | **6,535,852** | - |
| | Guarantee deposits in foreign currency (Exhibit III) | **-** | 939,817 |
| | **Total** | **13,517,572** | 30,386,296 |
| | Non-current | | |
| | Guarantee deposits in foreign currency (Exhibit III) | **1,455,974** | 1,824,027 |
| | Guarantee deposits in local currency | **34,750** | 56,984 |
| | Benefit from Knowledge Economy Law (*) | **6,813,703** | - |
| | Income tax | **44,174,347** | 60,647,703 |
| | Provision for other non-recoverable receivables (Exhibit II) | **(44,174,347)** | (60,647,703) |
| | **Total** | **8,304,427** | 1,881,011 |

(*) Corresponds to the Tax Credit Bonds resulting from the application of the benefits of the Knowledge Economy Law. These bonds are immediately applicable to pay other taxes and has a useful life of 24 months as from the approval by the Genera Administration of Public Revenue (AFIP)

| | | …2022… | …2021… |
|---|---|---|---|
| **2.d)** | **Other assets** | | |
| | Local supplies | **1,524,967** | 596,047 |
| | Imported supplies | **26,725** | 43,823 |
| | **Total** | **1,551,692** | 639,870 |
| **2.e)** | **Account payables** | | |
| | Ordinary | **1,121,813** | 1,761,778 |
| | Ordinary in foreign currency (Exhibit III) | **2,749,018** | 9,215,444 |
| | Related parties (note 5) | **121,944,686** | 121,774,967 |
| | Provision for costs and expenses in local currency | **1,918,820** | 3,065,239 |
| | Provision for costs and charges in foreign currency (Exhibit III) | **18,970,918** | 22,689,478 |

| | | …2022… | …2021… |
|---|---|---|---|
| | Credit card payables | **810,087** | 1,068,270 |
| | Credit card payables in foreign currency (Exhibit III) | **207,381** | 259,932 |
| | **Total** | **147,722,723** | 159,835,108 |
| **2.f)** | **Payroll and payroll taxes liabilities** | | |
| | Social security contributions | **10,171,397** | 11,377,349 |
| | Social provisions | **27,652,798** | 31,417,337 |
| | Bonus provision | **36,207,888** | 34,630,440 |
| | **Total** | **74,032,083** | 77,425,126 |
| **2.g)** | **Tax payables** | | |
| | Value added tax payable | **5,085,795** | - |
| | Export duties payable | **-** | 20,943,050 |
| | Knowledge Economy Law and FONPEC rate to be deposited | **801,684** | 3,014,372 |
| | Withholding and perceptions to be deposited | **2,014,389** | 2,332,800 |
| | **Total** | **7,901,868** | 26,290,222 |
| **2.h)** | **Financial debts** | | |
| | Related parties (note 5) | **74,198,405** | 91,183,919 |
| | **Total** | **74,198,405** | 91,183,919 |
| **2.i)** | **Net income for service provision** | | |
| | Local market | **191,894,133** | 196,273,010 |
| | Foreign market | **476,548,863** | 543,471,061 |
| | **Total** | **668,442,996** | 739,744,071 |
| **2.j)** | **Other incomes and expenses, net** | | |
| | Other non-recoverable receivables | **(9,408,509)** | (17,615,163) |
| | Obsolescence | **-** | (182,760) |
| | Donations | **(55,181)** | (84,825) |
| | **Total** | **(9,463,690)** | (17,882,748) |

**3. INCOME TAX**

As of June 30th, 2022 and 2021, the Company determined a charge for income tax for the fiscal years ended on those dates as follows:

| | …2022… | …2021… |
|---|---|---|
| Deferred income tax | **(15,829,217)** | 21,767,015 |
| Current income tax | **(5,103,451)** | (6,820,154) |
| **Income tax** | **(20,932,668)** | 14,946,861 |

The conciliation between the charge to income registered in the income tax and the one resulting from applying the rate established by the standards in force to the accounting result for the fiscal years ended on June 30th, 2022 and 2021 are the following:

| | **… 2022 …** | … 2021… |
|---|---|---|
| Result of the year before income tax | **20,542,523** | (17,097,983) |
| At tax rate (1) | **(4,724,780)** | 5,129,396 |
| Permanent differences (2) | **(16,207,888)** | 9,817,465 |
| **Income tax** | **(20,932,668)** | 14,946,861 |

(1) The rate applied is of 23%, for the fiscal year ended on June 30th, 2022, and 30% for the fiscal year ended on June 30th, 2021. As of June 30th, 2022 the tax rate applied included the reduction effect of 20% as a result of the tax benefit included in the Knowledge Economy Law, as mentioned in note 1.4.f. As of June 30th, 2021 the Company applied the current income tax rate without considering any effect of reduction, because the observations of Software Law audits for the years 2018, 2019 and 2020, performed by the government, were in process of being solved, as mentioned in note 10.

(2) Includes the effect for rate change and the effect of the accounting and tax adjustment due to inflation.

Likewise, the composition of the net deferred tax as of June 30th, 2022 and 2021 and the variations registered in the fiscal year ended on June 30th, 2022 are the following:

| | **… 2022 …** | | **Variations** | | … 2021 … | |
|---|---|---|---|---|---|---|
| **Asset / (Liability) for Deferred Tax** | | | | | | |
| Fixed assets | **61,304** | | 100,112 | | (38,808) | |
| Payroll and payroll taxes | **49,782,514** | | (4,743,856) | | 54,526,370 | |
| Non-deductible provisions | **500,000** | | 4,405 | | 495,595 | |
| Tax loss carryforward (1) | **-** | | (11,776,865) | | 11,776,865 | |
| Adjustment for inflation for tax purposes | **27,610,096** | | (30,455,183) | | 58,065,279 | |
| **Total** | **77,953,914** | | (46,871,387) | | 124,825,301 | |
| **To the tax rate** | **18,085,308** | (2) | (19,362,276) | (3) | 37,447,584 | (2) |
| Provision for deferred tax (Exhibit II) | **-** | | 3,533,059 | | (3,533,059) | |
| **Total** | **18,085,308** | | (15,829,217) | | 33,914,525 | |

(1) The balance corresponds to specific tax loss carryforward of foreign source, barred by the statute of limitations in the present fiscal year.

(2) Estimated considering the reversion periods (see note 1.4.f).

(3) Includes the result for rate change and the R.E.C.P.A.M.

## 4. CORPORATE CAPITAL

As of June 30th, 2022 and 2021, the corporate capital amounted to 2,255,800, represented by 2,255,800 common, registered, non-endorsable shares, entitled to one vote each, and a par value of $1 each. The capital was fully subscribed, paid-in and registered at the Superintendence of Corporations.

## 5. COMPANIES UNDER ART. 33 OF LAW No. 19,550 AND OTHER RELATED PARTIES

As of June 30th 2022 and 2021, the shareholding structure of the Company was the following:

| | Shares (1) | | |
|---|---|---|---|
| **Shareholders** | **Amount** | **Nominal value** | **Shareholding interest** |
| Comviva Technologies BV | 2,255,010 | 2,255,010 | 99,96% |
| Comviva Technologies Ltd. | 790 | 790 | 0,04% |
| **Total** | **2,255,800** | **2,255,800** | **100%** |

(1) Common, registered, non-endorsable shares, with one voting right per share and nominal value of $1 each (note 4).

As of June 30th, 2021 and 2020, the balance with related parties are the following:

| **Related party** | **Account receivables** | **Trade payables** | **Financial debts** |
|---|---|---|---|
| Comviva Technologies BV | 286,233,766 | 97,155,187 | 74,198,405 |
| Comviva Technologies Ltd. | 5,694,749 | 24,789,499 | - |
| **Totals 2022 (1)** | **291,928,515** | **121,944,686** | **74,198,405** |
| **Totals 2021 (1)** | **345,046,415** | **121,774,967** | **91,183,919** |

(1) Corresponds to balances in foreign currency (see Exhibit III)

As of June 30th, 2022 and 2021, the transactions with related parties were the following:

| | **… 2022 …** | **… 2021 …** |
|---|---|---|
| Incomes for provision of services: | | |
| - Comviva Technologies BV | 393,208,954 | 414,388,565 |
| - Comviva Technologies Ltd. | 42,848,012 | 77,666,994 |
| Third parties services and applied supplies | | |
| - Comviva Technologies Ltd. | 27,074,077 | - |

## 6. GUARANTEES AND SURETIES IN FORCE

As of June 30th, 2022 and 2021, the Company held guarantees and liability insurance in favor of its customers and bank sureties, according to the following detail:

| **Type** | **Currency of origin** | **… 2022 …** | **… 2021 …** |
|---|---|---|---|
| - Surety insurance | AR$ | 15,710,000 | 22,751,360 |
| | U$S | 19,572 | 597,442 |
| - Liability insurance | U$S | 15,100,000 | 24,100,000 |

## 7. BREAKDOWN BY TERMS AND INTEREST RATES OF RECEIVABLES AND PAYABLES AS OF JUNE 30TH, 2022

| Terms | **Receivables (1)** | Payables (1) |
|---|---|---|
| Without specified term | **291,928,515** | 138,710,739 |
| Past due | **-** | 74,198,405 |
| Due up to three months | **94,925,390** | 43,263,058 |
| Due between three and six months | **3,794,942** | 42,277,468 |
| Due between six and nine months | **-** | 10,886,689 |
| Due between nine and twelve months | **2,352,564** | 36,207,888 |
| Due above twelve months | **8,304,427** | - |
| **Total** | **401,305,838** | 345,544,247 |

(1) Do not accrue interests or have an adjustment clause except for financial debts, accruing interests according to the conditions agreed with Comviva Technologies B.V.

## 8. RESTRICTIONS ON DISTRIBUTION OF RETAINED EARNINGS

According to the legal provisions in force, 5% of the net income for the fiscal year should be allocated to the legal reserve until it reaches 20% of the social stock. As of June 30th, 2022, the amount of the legal reserve amounts to 1,748,677.

## 9. EFFECTS OF THE COVID-19 PANDEMIC ON THE ACTIVITIES OF THE COMPANY

In December 2019, the onset of a new coronavirus SARS-CoV-2 (known as “COVID-19”) in China was reported. After December 31st, 2019 it expanded practically all around the world. On March 11th, 2020 the WHO declared the outbreak of COVID-19 as a pandemic. This emergency situation and the measures adopted in the different countries to face it have significantly affected the international economic activity with different impacts on each country affected and business sectors.

During fiscal year ended on June 30th, 2022 the progress of the vaccination plan and the reduction of effect of the dangerous diseases allowed the economy to gradually and carefully reopen its activities.

## 10. AUDIT ON THE COMPLIANCE WITH THE REQUIREMENTS OF LAW No. 25.922 “SOFTWARE INDUSTRY PROMOTION LAW”

As part of enjoying the benefits set forth in Law No. 25.922, the Company is subject to yearly audits related to the compliance of the requirements established set by such law, so as to continue receiving those benefits, for the periods of August to July every year.

One of the requirements the Company has to comply with, is keeping a minimum annual amount of staff determined and estimated in the law, in the regulatory decree and related regulations. If the Company fails to comply with some of these duties it shall be subject to possible sanctions as implemented by the competent authority, where appropriate. Among them is the loss of the fiscal benefits enjoyed.

During the month of February 2021, the Company was notified about the audit results of the following yearly periods: August 2017 to July 2018, August 2018 to July 2019 and August 2019 to July 2020.

As a result of this work, the audit challenged the calculation criteria used by the Company to determine minimum staff amount. In reply, the Company issued a disclaimer arguing that such determination was performed according to what is provided for in the applicable regulations. Nevertheless, before issuing the report, the audit answered to the disclaimer, ratifying the reasons previously exposed.

During such periods, the Company has registered income for benefits associated to this regime for a total amount of $ 22,431,563 (in historic currency) composed as follows per concept and per period:

| **Concept** | **August 17-July 18** | **August 18 - July 19** | **August 19-December 19** | **Total** |
|---|---|---|---|---|
| Social security Contributions | 6,554,163 | 6,763,281 | 3,985,984 | 17,303,428 |
| Income tax | - | 2,391,737 | 2,736,398 | 5,128,135 |
| **Total** | **6,554,163** | **9,155,018** | **6,722,382** | **22,431,563** |

It´s important to point out that the last period considered includes only five months of perceived benefits, given that since January 2020 such benefits were suspended at that moment by the decision of the new National Administration.

On October 5, 2021 the Ministry of Productive Development informed the Company about the final resolution of the audits. In accordance to the findings made by the Government, the Company registered benefits in excess under the application of this regime for the sum of $20,501,426. The Company accepted the resolution taken by the competent authority, and recorded such impact on these financial statements.

On December 29, 2021, the Company was registered at the National Registry of Knowledge Economy Promotion Regime Beneficiaries, with retroactive application to January 2020.

Finally, on March 22, 2022 the law enforcement authority issued a detail with the tax credit bonds issued under the abovementioned promotion regime since January 2020 to December 2021 for a total amount of $ 27,966,384. These tax credits were used by the Company to cancel the above-detailed benefits taken in excess.

**EXHIBIT I**

**COMVIVA TECHNOLOGIES (ARGENTINA) S.A.**

**FINANCIAL STATEMENTS AS OF JUNE 30TH, 2022**

(comparative with the fiscal year ended on June 30th, 2021)

(in constant currency)

(in pesos-note 1.2)

# FIXED ASSETS

| | 2022 | | | | | | | | | | 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Acquisition costs | | | | Depreciations | | | | | Net value | Net value |
| Main account | At the beginning of the fiscal year | Additions | Disposals | At the end of the fiscal year | Cumulative at the beginning | Depreciation Disposals | Rate % | of the fiscal year (1) | Cumulative at the end of fiscal year | | |
| Furniture and tools | 16,368,165 | 1,180,765 | - | 17,548,930 | 7,752,109 | - | 20% | 2,502,442 | 10,254,551 | 7,294,379 | 8,616,056 |
| Computers | 46,040,373 | 6,212,645 | - | 52,253,018 | 34,760,950 | - | 33% | 9,003,459 | 43,764,409 | 8,488,609 | 11,279,423 |
| Facilities | 13,487,310 | - | (64,038) | 13,423,272 | 2,697,463 | (12,809) | 20% | 2,684,655 | 5,369,309 | 8,053,963 | 10,789,847 |
| Vehicles | 1,248,337 | - | - | 1,248,337 | 1,248,337 | - | 20% | - | 1,248,337 | - | - |
| Building improvements | 59,470,006 | - | - | 59,470,006 | 11,894,001 | - | 20% | 11,894,001 | 23,788,002 | 35,682,004 | 47,576,005 |
| Software | 43,187,304 | 140,154 | - | 43,327,458 | 43,187,304 | - | | 140,154 | 43,327,458 | - | - |
| **TOTALS 2022** | **179,801,495** | **7,533,564** | **(64,038)** | **187,271,021** | **101,540,164** | **(12,809)** | | **26,224,711** | **127,752,066** | **59,518,955** | |
| **TOTALS 2021** | **263,278,418** | **96,331,306** | **(179,808,229)** | **179,801,495** | **254,376,551** | **(179,474,910)** | | **26,638,523** | **101,540,164** | | **78,261,331** |

(1) Allocable to administration expenditures (Exhibit IV)

# EXHIBIT II

**COMVIVA TECHNOLOGIES (ARGENTINA) S.A.**
**FINANCIAL STATEMENTS AS OF JUNE 30TH, 2022**
(comparative with the fiscal year ended on June 30th, 2021)
(in constant currency)
(in pesos-note 1.2)

## PROVISIONS

| | Balance at the beginning of the fiscal year | Increases | | Decreases | | Balance at the end of the fiscal year |
|---|---|---|---|---|---|---|
| **DEDUCTED FOR ASSETS** | | | | | | |
| Other credits | | | | | | |
| Provision for other non-recoverable receivables | 60,647,703 | 9,408,509 | (1) | (25,881,865) | (3) | 44,174,347 |
| Deferred tax | | | | | | |
| Provision for deferred tax | 3,533,059 | - | | (3,533,059) | (2) | - |
| **TOTALS 2022** | **64,180,762** | **9,408,509** | | **(29,414,924)** | | **44,174,347** |
| **TOTALS 2021** | **71,956,034** | **19,025,558** | | **(26,800,830)** | | **64,180,762** |
| **INCLUDED IN LIABILITIES** | | | | | | |
| Provisions | | | | | | |
| For lawsuits and contingencies | 495,595 | 197,776 | (4) | (193,371) | (3) | 500,000 |
| **TOTALS 2022** | **495,595** | **197,776** | | **(193,371)** | | **500,000** |
| **TOTALS 2021** | **10,590,984** | **-** | | **(10,095,389)** | | **495,595** |

(1) Included in the line “Other income and expenses” of the income statement (note 2.j).

(2) Included in the line “Income tax” of the income statement (note 3).

(3) Used for special purposes (includes RECPAM).

(4) Included in Administrative expenses-Fees for services (Exhibit IV)

# EXHIBIT III

**COMVIVA TECHNOLOGIES (ARGENTINA) S.A.**
**FINANCIAL STATEMENTS AS OF JUNE 30TH, 2022**
(comparative with the fiscal year ended on June 30th, 2021)
(in constant currency)
(in pesos-note 1.2)

**ASSETS AND LIABILITIES IN FOREIGN CURRENCY**

| | ........................... 2022 ........................... | | | | ......... 2021 ......... |
|---|---|---|---|---|---|
| | Type and amount of foreign currency | | Exchange rate $ | Amount in Argentine currency and amount entered in pesos | Amount in Argentine currency and amount entered in pesos |
| **ASSETS** | | | | | |
| **CURRENT ASSETS** | | | | | |
| **Cash and Banks** | | | | | |
| Cash | U$S | 89 | 125.03 | 11,071 | 13,870 |
| Cash | EURO | 57 | 130.87 | 7,414 | 10,506 |
| Cash | R$ | 367 | 23.84 | 8,759 | 11,025 |
| Banks | U$S | 12,109 | 125.03 | 1,514,011 | 11,808,844 |
| **Account receivables** | | | | | |
| Accounts receivables | U$S | 217,548 | 125.03 | 27,200,013 | 30,972,138 |
| Related parties | U$S | 2,334,868 | 125.03 | 291,928,515 | 345,046,415 |
| **Other receivables** | | | | | |
| Guarantee deposits | U$S | - | 125.03 | - | 939,817 |
| **TOTAL CURRENT ASSETS** | | | | **320.669.783** | **388,802,615** |
| **Other receivables** | | | | | |
| Guarantee deposits | U$S | 11,645 | 125.03 | 1,455,974 | 1,824,027 |
| **TOTAL NON-CURRENT ASSETS** | | | | **1.455.974** | **1,824,027** |
| **TOTAL ASSETS** | | **322,125,757** | | **322,125,757** | **390,626,642** |
| **LIABILITIES** | | | | | |
| **CURRENT LIABILITY** | | | | | |
| **Commercial Debt** | | | | | |
| Account payables | U$S | 21,952 | 125.23 | 2,749,018 | 9,215,444 |
| Related parties | U$S | 973,766 | 125.23 | 121,944,686 | 121,774,967 |
| Provision for costs and expenses | U$S | 151,489 | 125.23 | 18,970,918 | 22,689,478 |
| Credit card payable | U$S | 1,656 | 125.23 | 207,381 | 259,932 |
| **Financial debts** | | | | | |
| Related parties | U$S | 592,497 | 125.23 | 74,198,405 | 91,183,919 |
| **TOTAL CURRENT LIABILITIES AND TOTAL LIABILITIES** | | | | **218.070.408** | **245,123,740** |

# EXHIBIT IV

**COMVIVA TECHNOLOGIES (ARGENTINA) S.A.**
**FINANCIAL STATEMENTS AS OF JUNE 30TH, 2022**
(comparative with the fiscal year ended on June 30th, 2021)
(in constant currency)
(in pesos-note 1.2)

**INFORMATION REQUESTED BY SECTION 64, PARAGRAPH I, INC. b) OF LAW No. 19.550**

| Items | Operating expenses | Commercial expenses | Administrative expenses | Total 2022 | Total 2021 |
|---|---|---|---|---|---|
| Salaries and wages | 200,755,414 | 25,743,431 | 55,654,852 | 282,153,697 | 329,541,311 |
| Social security contributions | 47,613,417 | 8,056,326 | 10,990,209 | 66,659,952 | 91,099,041 |
| Third party services and supplies applied | 50,611,748 | - | - | 50,611,748 | 28,270,531 |
| Taxes, rates and contributions | 221,336 | 6,522,928 | - | 6,744,264 | 40,005,581 |
| Professional fees | 2,864,028 | 281,559 | 9,735,215 | 12,880,802 | 14,092,122 |
| Bonus to employees | 34,782,691 | 250,477 | 4,342,286 | 39,375,454 | 23,649,858 |
| Rents | 19,043,073 | 1,525,493 | 4,721,943 | 25,290,509 | 40,230,745 |
| Commuting costs abroad | - | 520,880 | - | 520,880 | - |
| Telecommunication costs | 6,471,044 | 585,507 | 2,184,977 | 9,241,528 | 13,954,660 |
| Training costs | 3,006,692 | 59,956 | 6,004,692 | 9,071,340 | 9,319,499 |
| Depreciation of fixed assets | - | - | 26,224,711 | 26,224,711 | 26,638,523 |
| Commissions | - | 10,074,866 | - | 10,074,866 | 8,590,000 |
| Maintenance expenses | 2,557,772 | 262,351 | 973,047 | 3,793,170 | 4,015,205 |
| Software maintenance | 5,918,243 | - | 732,412 | 6,650,655 | 3,755,380 |
| Representation costs | 48,418 | 371,635 | 159,775 | 579,828 | 255,924 |
| Commuting costs | 123,863 | 30,814 | 122,424 | 277,101 | 668,947 |
| Insurance | 1,470,364 | 518,443 | 372,513 | 2,361,320 | 1,874,265 |
| Bank costs and commissions | 12,502 | 870 | 910,844 | 924,216 | 1,248,044 |
| Stationary expenses | 74,660 | 8,829 | 43,716 | 127,205 | 110,060 |
| Refurbishing | 173,661 | 7,908 | 380,900 | 562,469 | 1,863,926 |
| **TOTALS 2022** | **375,748,926** | **54,822,273** | **123,554,516** | **554,125,715** | |
| **TOTALS 2021** | **404,812,131** | **55,419,407** | **178,952,084** | | **639,183,622** |

# COMVIVA TECHNOLOGIES MYANMAR LIMITED

**(Incorporated in Republic of the Union of Myanmar)**

**Directors:**

Neeraj Jain (resigned w.e.f 15.05.2023)
Anil Kumar Singh
Ankit Sharma (resigned w.e.f 03.08.2022)
Daw Hkum Htoi Lung (appointed w.e.f 01.12.2022)
Ramutar Goel (appointed w.e.f 15.05.2023)

**Registration No.**

123767691

**Registered Office:**

Complex 45, 45th Street, Tower B, Room 607,
6th Floor, Botahtaung Township, Yangon, 11161, Myanmar

**Principal Banker:**

State Bank of India

**Auditors:**

JF Group – Certified Public Accountants & Auditors

# DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2023

The directors submit their report together with the management accounts of Comviva Technologies Myanmar Limited ("The Company"), for the year ended 31st March, 2023.

**Principal Activity**

The principal activity of the Company is providing Integrated Value-Added Services (VAS) to telecom companies in Myanmar.

**Financial Results**

The financial results of the Company for the year ended 31st March, 2023 are set out in the statement of profit or loss and other comprehensive income.

**Events after the reporting period**

There are no significant events after the reporting period.

**Shareholder and its interest**

Comviva Technologies Limited, India is the 100% shareholder of the issued share capital of the Company at the reporting date. There were no changes to the shareholding structure during the year.

**Directors**

The Directors who served during the year ended 31st March, 2023 are as follows:

Neeraj Jain
Anil Kumar Singh
Ankit Sharma
Daw Hkum Htoi Lung

Signed on behalf of the Board,

| | |
|---|---|
| Ramutar Goel | Daw Hkum Htoi Lung |
| Non-Executive | Director Non-Executive Director |

Date: 5th Jun 2023

# BALANCE SHEET AS AT MARCH 31, 2023

Amount in MMK

| Particulars | | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| **I** | **Assets** | | | |
| **A** | **Non current assets** | | | |
| | (a) Property, Plant and Equipment | | **-** | - |
| | (b) Other Intangible assets | | **-** | - |
| | (c) Financial Assets | | | |
| | (d) Advance Income tax (net) | | **-** | - |
| | (e) Deferred tax assets | | **181,374,021** | 316,911,206 |
| | **Total non-current assets** | | **181,374,021** | 316,911,206 |
| **B** | **Current Assets** | | | |
| | (a) Financial Assets | | | |
| | (i) Trade receivables | 1 | **222,776,762** | 193,790,119 |
| | (ii) Cash and cash equivalents | 2 | **5,056,283,508** | 4,070,293,652 |
| | (iii) Others financial assets | 3 | **153,890** | 375,673 |
| | Current tax receivable | | **13,853,954.43** | 1,269,602 |
| | (b) Other current assets | 4 | **2,021,752** | - |
| | **Total current assets** | | **5,295,089,866** | 4,265,729,047 |
| | **TOTAL ASSETS** | | **5,476,463,888** | 4,582,640,253 |
| **II** | **Equity and Liabilities** | | | |
| **A** | **Equity** | | | |
| | (a) Equity Share capital | | **272,341,197.82** | 272,341,198 |
| | (b) Other Equity | 5 | **(894,116,889.63)** | (213,009,314) |
| | **Equity attributable to equity holders of the Company** | | **(621,775,692)** | 59,331,884 |
| **B** | **Liabilities** | | | |
| 1 | Non Current Liabilities | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | | | |
| | (ii) Trade Payables | | **-** | 4,693,808 |
| | **Total non-current liabilities** | | **-** | 4,693,808 |

Amount in MMK

| Particulars | | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| **2** | **Current Liabilities** | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | | **-** | - |
| | (ii) Trade Payables | 6 | **1,031,795,996.55** | 844,176,710 |
| | (iii) Others financial liabilities | | **-** | - |
| | (b) Other current liabilities | | **4,961,079,087.26** | 3,674,437,852 |
| | (c) Current tax liabilities (net) | 7 | **104,423,275.98** | - |
| | (d) Provisions | | **941,220.00** | - |
| | **Total current liabilities** | | **6,098,239,580** | 4,518,614,561 |
| | **TOTAL EQUITY AND LIABILITIES** | | **5,476,463,888** | 4,582,640,253 |
| **C** | **See accompanying notes forming part of the financial statements** | 1-10 | | |

**For and on behalf of Comviva Technologies Myanmar Limited**

| | |
|---|---|
| **Ramutar Goel** | **Daw Hkum Htoi Lung** |
| Non-Executive Director | Non-Executive Director |

Statement of Profit and Loss for the year ended March 31, 2023

Amount in MMK

| | Particulars | Note No. | | For the year ended March 31, 2023 | | For the year ended March 31, 2022 |
|---|---|---|---|---|---|---|
| **I.** | Revenue from operations | 8 | | **903,384,350** | | 800,422,511 |
| **II.** | Other income | 9 | | **-** | | 489,683 |
| **III.** | **Total income (I+II)** | | | **903,384,350** | | 800,912,194 |
| **IV.** | **Expenses** | | | | | |
| | (a) Cost of goods sold | | | **749,770,360** | | |
| | (b) Employee benefits expense | | | **35,750,492** | | - |
| | (c) Subcontracting cost | | | **-** | | 9,934,359 |
| | (d) Finance costs | | | **1,718,817** | | 851,066 |
| | (e) Depreciation and Amortization expense | | | **-** | | - |
| | (f) Other expenses | 10 | | **660,445,468** | | 1,920,534,865 |
| | **Total expenses** | | | **1,447,685,138** | | 1,931,320,290 |
| **V.** | **Profit/(Loss) before tax** | | | **(544,300,788)** | | (1,130,408,096) |
| **VI.** | **Tax expenses** | | | | | |
| | (a) Current tax | | **1,269,602.23** | | - | |
| | (b) Deferred tax | | **135,537,184.81** | | (152,687,895) | |
| | | | | **136,806,787** | | (152,687,895) |
| **VII.** | **Profit/(Loss) after tax** | | | **(681,107,576)** | | (977,720,201) |
| **VIII.** | **See accompanying notes forming part of the financial statements** | 1-10 | | | | |

**For and on behalf of Comviva Technologies Myanmar Limited**

**Ramutar Goel**
Non-Executive Director

**Daw Hkum Htoi Lung**
Non-Executive Director

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

**Note 1 - Trade receivables :**

Amount in MMK

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade Receivables (Unsecured) | | |
| Over Six Months | | |
| - Considered good | 222,776,762 | 193,790,119 |
| - Considered doubtful | | - |
| | 222,776,762 | 193,790,119 |
| - Finance lease receivable (Secured, considered good) | - | - |
| - Considered good** | - | - |
| - Considered doubtful | - | - |
| | - | - |
| **Total** | 222,776,762 | 193,790,119 |
| Less: Provision for doubtful trade receivables | - | - |
| Finance lease receivable, secured, accrued but not due | - | - |
| **Total** | 222,776,762 | 193,790,119 |

**Note 2 - Cash and cash equivalents :**

Amount in MMK

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Cash on hand | | |
| Remittances in transit | | |
| Balances with banks: | | |
| - In current accounts | 4,108,033,512 | 3,265,777,912 |
| - In deposit accounts | 948,249,996 | 804,515,740 |
| Deposits with original maturity of less than three months | | |
| - In earmarked accounts | | |
| | 5,056,283,508 | 4,070,293,652 |

**Note 3 - Other Financial assets :**

Amount in MMK

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Unbilled Revenue (net off for allowances towards credit loss) | - | - |
| Interest Receivable | 153,890 | 375,673 |
| **Total** | 153,890 | 375,673 |

**Note 4 - Other Assets :**

Amount in MMK

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Prepaid expenses | 2,021,752.00 | - |
| **Total** | 2,021,752.00 | - |

**Note 5 - Other Equity :**

Amount in MMK

| | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| Surplus in the statement of profit and loss | | | | |
| Opening balance | **(213,009,314.12)** | | 764,710,887 | |
| Add: profit/(loss) for the period/year | **(681,107,575.51)** | | (977,720,201) | |
| Closing balance | | **(894,116,889.63)** | | (213,009,314) |
| **Total** | | **(894,116,889.63)** | | (213,009,314.12) |

**Note 06 - Trade payables :**

Amount in MMK

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Expenses payables other than Accrued Salaries and Benefits | **1,018,305,918** | 844,176,710 |
| Accrued Salaries and Benefits | **13,490,078.93** | - |
| **Total** | **1,031,795,997** | 844,176,710 |

**Note 7 - Current Tax Liabilities**

Amount in MMK

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Statutory remittances | **104,423,275.98** | 85,569,702 |
| **Total** | **104,423,276** | 85,569,702 |

**Note 8- Revenue from operations :**

Amount in MMK

| | For the year ended March 31, 2022 | | For the year ended March 31, 2021 | |
|---|---|---|---|---|
| Income from Comviva Product and related managed support | | | | |
| Revenue sharing arrangements | **903,384,350** | **-** | 800,422,511 | - |
| **Total** | | **903,384,350** | | 800,422,511 |

**Note 9 - Other income :**

Amount in MMK

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Interest income | **-** | 489,683 |
| **Total** | **-** | 489,683 |

**Note 10 - Operating and other expense:**

Amount in MMK

| **Particulars** | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Royalty and software charges | **176,344,079** | 161,737,817 |
| Rates and taxes | **-** | 7,350,585.00 |
| Printing and stationery | **-** | - |
| Legal and professional fees | **26,511,566** | 25,364,367 |
| Exchange gain/loss (net) | **455,253,438** | 327,024,489 |
| Travel and Conveyance expenses | **1,161,589** | |
| Miscellaneous expenses | **1,174,797** | 1,399,057,606 |
| **Total** | **660,445,468** | 1,920,534,865 |

# COMVIVA TECHNOLOGIES USA INC

**Directors:**
Neeraj Jain (resigned w.e.f May 31, 2023)
Aditya Dhruva (resigned w.e.f May 15, 2023)
Manoranjan Mohapatra
Ramutar Goel (appointed w.e.f May 15, 2023)

**Registered No:**
P19000082541

**Registered Office:**
18560 North Bay Road, Sunny Isles Beach,
Florida -33160, US

# DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2023

The directors submit their report together with the management accounts of Comviva Technologies USA INC ("The Company"), for the year ended 31st March, 2023.

**Principal Activity**

The principal activity of the Company is to provide solutions for telecommunication and network.

**Financial results and appropriations**

The financial results of the Company for the year ended 31st March, 2023 are set out in the statement of profit or loss and other comprehensive income.

**Events after the reporting period**

There are no significant events after the reporting period.

**Shareholder and its interest**

Comviva Technologies Limited, India is the 100% shareholder of the issued share capital of the Company at the reporting date. There were no changes to the shareholding structure during the year.

**Directors**

The Directors who served during the year ended 31st March, 2023 are as follows:

Neeraj Jain

Aditya Dhruva

Manoranjan Mohapatra

**On behalf of the Board of Directors,**

**Manoranjan Mohapatra**
Director

**Ramutar Goel**
Director

Date: 16th May 2023

# BALANCE SHEET AS AT MARCH 31, 2023

Amount in USD

| Particulars | | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| **I** | **Assets** | | | |
| **A** | **Non current assets** | | | |
| | (a) Property, Plant and Equipment | 1 | **6,607** | 2,328 |
| | (b) Deferred tax assets | | **768,832** | 276,974 |
| | **Total non-current assets** | | **775,439** | 279,302 |
| **B** | **Current Assets** | | | |
| | (a) Financial Assets | | | |
| | (i) Trade receivables | 2 | | |
| | Billed | | **315,659** | 122,911 |
| | Unbilled | | **113** | 10,453 |
| | (ii) Cash and cash equivalents | 3 | **34,215** | 895 |
| | (b) Other current assets | 4 | **27,414** | 17,573 |
| | **Total current assets** | | **377,401** | 151,832 |
| | **TOTAL ASSETS** | | **1,152,840** | 431,134 |
| **II** | **Equity and Liabilities** | | | |
| **A** | **Equity** | | | |
| | (a) Equity Share capital | | **400,000** | 400,000 |
| | (b) Other Equity | 5 | **(2,310,566)** | (804,956) |
| | **Equity attributable to equity holders of the Company** | | **(1,910,566)** | (404,956) |
| **B** | **Liabilities** | | | |
| **1** | **Non Current Liabilities** | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 6 | **2,580,000** | 700,000 |
| | Total non-current liabilities | | **2,580,000** | 700,000 |
| 2 | Current Liabilities | | | |
| | (a) Financial Liabilities | | | |
| | (i) Trade Payables | 7 | **146,857** | 84,336 |
| | (ii) Others financial liabilities | 8 | **221,881** | 13,985 |
| | (b) Provisions | 9 | **18,443** | 28,658 |
| | (c) Other current liabilities | 10 | **96,226** | 9,111 |
| | **Total current liabilities** | | **483,406** | 136,090 |
| | **TOTAL EQUITY AND LIABILITIES** | | **1,152,840** | 431,134 |
| **C** | **See accompanying notes forming part of the financial statements** | 1-13 | | |

**For and on behalf of Comviva Technologies USA Inc**

| | |
|---|---|
| **Manoranjan Mohapatra** | **Neeraj Jain** |
| Director | Director |

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

Amount in USD

| Particulars | | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| **I.** | **Revenue from operations** | 11 | **342,888** | 282,600 |
| II. | Other income | | **-** | - |
| **III.** | **Total income (I+II)** | | **342,888** | 282,600 |
| **IV.** | **Expenses** | | | |
| | (a) Purchase of Traded Goods | | | - |
| | (b) Employee benefits expense | 12 | **1,508,488** | 716,269 |
| | (c) Finance costs | | **146,442** | 10,329 |
| | (d) Depreciation and Amortization expense | 1 | **2,016** | 550 |
| | (e) Other expenses | 13 | **683,409** | 497,361 |
| | **Total expenses** | | **2,340,356** | 1,224,509 |
| **V.** | **Loss before tax** | | **(1,997,468)** | (941,909) |
| **VI.** | **Tax expenses** | | | |
| | (a) Current tax | | | - |
| | (b) Deferred tax | | **491,858.04** | 247,414 |
| | | | **491,858** | 247,414 |
| **VII.** | **Loss after tax** | | **(1,505,610)** | (694,495) |
| **VIII.** | **See accompanying notes forming part of the financial statements** | 1-13 | | |

**For and on behalf of Comviva Technologies USA Inc**

**Manoranjan Mohapatra**
Director

**Neeraj Jain**
Director

**Note 1(i) - Property, Plant and Equipment**

| | | | | | | | | | | Amount in USD |
|---|---|---|---|---|---|---|---|---|---|---|
| **Particulars** | **Gross Block** | | | | **Accumulated Depreciation / Amortization** | | | | **Net Block** | |
| | **As at 1st April, 2022** | **Additions during the year** | **Disposals during the year** | **As at March 31, 2023** | **As at 1st April, 2022** | **For the year** | **On disposal for the year** | **As at March 31, 2023** | **As at March 31, 2023** | **As at 1st April, 2022** |
| Computers | 2,878 | 6,295 | - | 9,173 | 550 | 2,016 | - | 2,566 | 6,607 | 2,328 |
| **Total** | **2,878** | **6,295** | **-** | **9,173** | **550** | **2,016** | **-** | **2,566** | **6,607** | **2,328** |

**Note 2 - Trade receivables :**

Amount in USD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| - Considered good – Unsecured | **315,659** | 122,911 |
| Less: Allowance for doubtful trade receivables | | - |
| | **315,659** | 122,911 |
| Trade receivables -Billed (A) | **315,659** | 122,911 |
| Trade receivables -Unbilled (B) | **113** | 10,453 |
| **Total** | **315,772** | 133,364 |

**Note 3 - Cash and cash equivalents :**

Amount in USD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balances with banks: | | |
| - In current accounts | **34,215** | 895 |
| **Total** | **34,215** | 895 |

**Note 4 - Other current assets :**

Amount in USD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Prepaid expenses | **12,141** | 17,573 |
| Other Loans and advances | **14,581** | - |
| CTL Florida/CTL America intercompany | **693** | - |
| **Total** | **27,414** | 17,573 |

**Note 5- Other Equity :**

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| **Advance Share Application Money** | **-** | **-** | - | - |
| **Surplus in the statement of profit and loss** | | | | |
| Opening balance | **(804,956)** | | (110,461) | |
| Add: Loss for the year | **(1,505,610)** | | (694,495) | |
| Closing balance | | **(2,310,566)** | | (804,956) |
| **Total** | | **(2,310,566)** | | (804,956) |

**Note 6 -Borrowings :**

**Long-term borrowings**

Amount in USD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Loan from related party | **2,580,000** | 700,000 |
| **Total** | **2,580,000** | 700,000 |

**Note 7 - Trade payables :**

Amount in USD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Trade payables | **146,857** | 84,336 |
| **Total** | **146,857** | 84,336 |

**Note 8 - Other Financials liabilities:**
**Short term Financial Liabilities**

Amount in USD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Accrued Salaries and Benefits | **90,119** | 13,985 |
| Inter Company Payable | **131,762** | - |
| **Total** | **221,881** | 13,985 |

**Note 9 -Provisions :**
**Short-term provisions**

Amount in USD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Provision for employee benefits | | |
| - Compensated absences | **18,443** | 28,658 |
| **Total** | **18,443** | 28,658 |

**Note 10 - Other Current liabilities :**
**Current liabilities**

Amount in USD

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Unearned revenue | **89,277** | 4,681 |
| Statutory remittances | **6,949** | 2,230 |
| Advance from customers | | 2,200 |
| **Total** | **96,226** | 9,111 |

**Note 11 - Revenue from operations :**

Amount in USD

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Revenue from operations | **342,888** | 282,600 |
| **Total** | **342,888** | 282,600 |

**Note 12 - Employee benefits expense :**

Amount in USD

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Salaries, wages and bonus | **1,466,320** | 690,653 |
| Contribution to provident and other funds | **42,168** | 25,317 |
| Staff Welfare Expenses | | 300 |
| **Total** | **1,508,488** | 716,269 |

**Note 13 - Other expense:**

Amount in USD

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Cost of hardware equipment, softwares and other items | **20,421.22** | 11,000 |
| Travelling and conveyance | **33,965** | 7,491 |
| Insurance | **111,387** | 27,124 |
| Advertising and sales promotion | **331,073** | 277,324 |
| Repairs and maintenance | **46,308** | 52,991 |
| Legal and professional fees | **24,747** | 15,739 |
| Conference expenses | **-** | 91,622 |
| Miscellaneous expenses | **115,395** | 14,071 |
| Unadj Forex Gain/Loss - Reval | **113** | - |
| **Total** | **683,409** | 497,361 |

# COMVIVA TECHNOLOGIES AMERICAS, INC.

**Directors:**
Neeraj Jain (resigned w.e.f 15.05.2023)
Amit Sanyal
Manoranjan Mohapatra
Ramutar Goel (appointed w.e.f 15.05.2023)

**Registered/File No:**
6367113

**Registered Office:**
251 Little Falls Drive, Wilmington, Delaware, 19808,
New Castle County.

# DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2023

The directors submit their report together with the management accounts of Comviva Technologies Americas Inc. ("The Company"), for the year ended 31st March, 2023.

**Principal Activity**

The principal activity of the Company is to provide solutions for telecommunication and network.

**Financial results and appropriations**

The financial results of the Company for the year ended 31st March, 2023 are set out in the statement of profit or loss and other comprehensive income.

**Events after the reporting period**

There are no significant events after the reporting period.

**Shareholder and its interest**

Comviva Technologies Limited, India is the 100% shareholder of the issued share capital of the Company at the reporting date. During the period under review, Comviva Technologies Limited, India, the sole shareholder of the corporation, has infused USD 22 million in the share capital of the corporation against which the Board has issued and allotted 22,000,000 shares of USD 1 each fully paid-up on 6th December, 2022.

**Directors**

The Directors who served during the year ended 31st March, 2023 are as follows:

Neeraj Jain

Amit Sanyal

Manoranjan Mohapatra

**On behalf of the Board of Directors,**

| | |
|---|---|
| **Neeraj Jain**<br>Director | **Manoranjan Mohapatra**<br>Director |

Date : 22nd April 2023

# INDEPENDENT AUDITOR'S REPORT

To
The Board of Directors
Comviva Technologies Americas, Inc.

**Report on the Audit of the Special Purpose Financial Statements**

**Opinion**

We have audited the special purpose financial statements of Comviva Technologies Americas, Inc. (the Company), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss and notes to the financial statements, including a summary of significant accounting policies.

In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements of the Company for the year ended 31 March 2023 are prepared in all material respects, in accordance with the Indian Accounting Standards (IndAS).

**Basis of opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the 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. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the financial statements.

**Emphasis of matter**

We draw attention to Note 2 to the special purpose financial statements, which describes the basis of accounting. The financial statements are prepared to incorporate these financial statements into the consolidated financial statements of its Holding Company. As a result, the financial statements may not be suitable for another purpose.

Our report is solely for the use of Board of Directors and the current investors of the Company for the sole purpose of incorporating of these financial statements into the consolidated financial statements of its Holding Company. We shall not be liable to the Company or any other concerned for any claims, liabilities or expenses relating to this assignment. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

Our opinion is not modified of above matter.

**Other matter**

We have relied on the scanned copies of the supporting documents for the purpose of issuing our opinion.

Our opinion is not modified in respect of above matter.

**Management's and Board of Directors' Responsibilities for the Financial Statements**

The Company's Management and Board of Directors are responsible for the preparation of these financial statements that give a true and fair view of the state of affairs and the loss in accordance with the accounting principles referred to in Note 2 of the financial statements. This responsibility also includes maintenance of adequate accounting records 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are 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 the Board of Directors 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date

of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**FOR ROHIT SURI & ASSOCIATES**
CHARTERED ACCOUNTANTS
FRN: 012259N

**ROHIT SURI**
PROPRIETOR
M.NO.091064

**UDIN: 23091064BGTTUE8555**
New Delhi, April 22, 2023

# BALANCE SHEET AS AT MARCH 31, 2023

Amount in USD

| Particulars | | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non current assets** | | | | |
| (a) | Property, plant and equipment | 1A | **-** | 820,166.67 |
| (b) | Other intangible assets | 1B | **10,464,285** | 12,435,714.29 |
| (c) | Goodwill | | **5,032,000** | 6,532,000.00 |
| (d) | Deferred tax assets | | **3,757,163** | - |
| **Total non-current assets** | | | **19,253,448** | 19,787,881 |
| **Current Assets** | | | | |
| (a) | Financial Assets | | | |
| (i) | Trade receivables | 2 | | |
| | Billed | | **968,835** | - |
| | Unbilled | | **6,577,544** | 1,668,939 |
| (ii) | Cash and cash equivalents | 3 | **7,879,747** | 155,000 |
| (iii) | Loans | 4 | **741,627** | - |
| **Total current assets** | | | **16,167,753** | 1,823,939 |
| **TOTAL ASSETS** | | | **35,421,201** | 21,611,820 |
| **Equity and Liabilities** | | | | |
| **Equity** | | | | |
| (a) | Equity Share capital | | **22,000,000** | - |
| (b) | Other Equity | | **(2,160,960)** | 9,727 |
| **Equity attributable to owners of the company** | | | **19,839,040** | 9,727 |
| **Non Current Liabilities** | | | | |
| (a) | Financial Liabilities | | | |
| (i) | Borrowings | 5 | **-** | 20,000,000 |
| **Total non-current liabilities** | | | **-** | 20,000,000 |

Amount in USD

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (ii) Trade Payables | 6 | **14,409,950** | 1,567,328 |
| (iii) Others financial liabilities | 7 | **693** | 30,655 |
| (b) Current tax liabilities (Net) | | **1,171,518** | 4,110 |
| **Total current liabilities** | | **15,582,161** | 1,602,093 |
| **TOTAL EQUITY AND LIABILITIES** | | **35,421,201** | 21,611,820 |
| **See accompanying notes forming part of the financial statements** | 12-19 | | |

As per our report of even date attached

For and on behalf of the Board of Directors of
**Comviva Technologies Americas Inc**

Rohit Suri & Associates
Chartered Accountants
Firm Registration No : 012259N

**Neeraj Jain**
**Director**

**Amit Sanyal**
**Director**

Proprietor
Membership No.091064
Place New Delhi
Date: April 22, 2023

**Manoranjan Mohapatra**
**Director**

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

| Particulars | Note No. | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| Revenue from operations | 8 | **22,664,858** | 1,668,939 |
| Other income | 9 | **86,555** | - |
| **Total income** | | **22,751,413** | 1,668,939 |
| **Expenses** | | | |
| (a) Cost of goods sold | | **23,053,891** | 1,412,328 |
| (b) Employee benefits expense | | **-** | - |
| (c) Subcontracting cost | | **-** | - |
| (d) Finance costs | 10 | **329,724** | 30,655 |
| (e) Depreciation and amortization expense | 1 | **2,060,596** | 212,119 |
| (f) Impairment of Intangible Asset | | **1,500,000** | - |
| (g) Other expenses | 11 | **563,534** | - |
| **Total expenses** | | **27,507,745** | 1,655,102 |
| **Profit before tax** | | **(4,756,332)** | 13,837 |
| **Tax expenses** | | | |
| (a) Current tax | | **1,171,518** | (4,110) |
| (b) Deferred tax | | **(3,757,163)** | - |
| | | **(2,585,645)** | (4,110) |
| **Profit after tax** | | **(2,170,687)** | 9,727 |
| **See accompanying notes forming part of the financial statements** | 12-19 | | |

As per our report of even date attached

Rohit Suri & Associates
Chartered Accountants
Firm Registration No : 012259N

Proprietor
Membership No.091064
Place New Delhi
Date: April 22, 2023

For and on behalf of the Board of Directors of

**Comviva Technologies Americas Inc**

**Neeraj Jain**
**Director**

**Amit Sanyal**
**Director**

**Manoranjan Mohapatra**
**Director**

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED ON MARCH 31, 2023

**a. Equity share capital**

| Particulars | Amount in USD |
|---|---|
| Balance As at April 1, 2021 | - |
| Changes in equity share capital during the year | - |
| **Balance as at March 31, 2022** | **-** |
| Balance as at April 1, 2022 | - |
| Changes in equity share capital during the year | 22,000,000 |
| **Balance as at March 31, 2023** | **22,000,000** |

**b. Other Equity**

| | | Amount in USD |
|---|---|---|
| **Particulars** | **Reserves & Surplus** | **Total** |
| | **Retained Earnings** | |
| Balance As at April 1, 2022 | 9,727 | 9,727 |
| Prior period errors | - | - |
| Profit for the year | (2,170,687) | (2,170,687) |
| **Balance as at March 31, 2023** | **(2,160,960)** | **(2,160,960)** |

**Retained Earnings:**

Retained earnings represents the undistributed profits of the Company accumulated as on Balance Sheet date.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

1. **Company Overview**

   Comviva Technologies Americas Inc (the company) was incorporated on November 4, 2021. The company is engaged in the business of Video Storage and Processing Platform (VSPP). VSPP is a field-proven solution from Media Kind. It powers a unified solution for cloud DVR, on-demand, and time/place-shifted services.

   The Company is a subsidiary of Comviva Technologies Ltd.

2. **Significant Accounting Policies**

   **2.1 Statement of Compliance**

   The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.

   These statements have been prepared for incorporating these financial statements into the Consolidated financial statements of the Holding company i.e. Comviva Technologies Ltd.

   **2.2 Basis for preparation of financial statements**

   These financial statements are presented in US Dollars ("USD") which is also the Company's functional currency. All amounts have been reported in USD. These financial statements have been prepared on the historical cost basis and on accrual basis, except for certain financial instruments, which are measured at fair values at the end of each reporting period as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realization in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

   In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purpose in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 Inventories or value in use in Ind AS 36 Impairment of Assets.

   In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

   Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;

   Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

   Level 3 inputs are unobservable inputs for the asset or liability. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

   **2.3 Use of Estimates:**

   The preparation of financial statements requires the management of the company to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. 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 future periods are affected.

Critical accounting estimates

**i) Revenue Recognition**

The Company applies the proportionate method for measurement of performance obligation in accounting for its fixed price development contracts. Use of the proportionate method requires the Company to estimate the efforts to date as a proportion of the total budgeted efforts. Efforts have been used to measure progress towards completion, as there is a direct relationship between input and productivity.

**ii) Income taxes**

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. The policy for the same has been explained under Note 2.11.

**iii) Property, plant and equipment**

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation 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 at the end of each reporting period. 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. The policy for the same has been explained under Note 2.4.

**iv) Provisions**

Provision is recognized when the Company 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 a reliable estimate can be made. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. The policy for the same has been explained under Note 2.14.

**2.4 Property, Plant & Equipment and Other Intangible assets**

Property, Plant & Equipment and Other Intangible assets are stated at actual cost less accumulated depreciation and net of impairment. The actual cost capitalized includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. except in respect of the following categories of assets, where the life of the assets has been assessed based on technical advice, considering the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

| Type of Asset | Estimated useful life |
|---|---:|
| Plant and Equipment (including Computers) | 3 year |
| Plant and Equipment (Electrical Equipment) | 5 year |
| Office Equipment | 5 year |
| Furniture and Fixtures | 5 year |

The estimated useful lives and residual values of the Property, Plant & Equipment and Other Intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of Property, Plant & Equipment and intangible assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant & Equipment and intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss.

Improvements to leased premises are amortized over their estimated useful life or period of the lease, whichever is shorter.

Computer Software and hardware acquired for specific projects are amortized over the initial contract life of the project.

The cost of Software purchased for internal use is capitalized and depreciated in full in the month in which it is put to use.

Intellectual Property Right (IPR) is amortized over a period of 4 years.

**2.5 Leases**

At inception of the contract, the Company determines whether the contract is a lease or contains a lease arrangement. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the standalone statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in standalone statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from Customer Contracts to allocate the consideration in the contract.

**2.6 Impairment of Assets**

**i) Financial assets**

Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Impairment loss on financial assets carried at amortized cost is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. In a subsequent period, if the amount of impairment loss decreases and the decrease can be related objectively to an event, the previously recognized impairment is reversed through Statement of profit and loss.

**ii) Non-financial assets**

Property, Plant & Equipment and Other Intangible assets

indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 unit (CGU) to which the asset belongs.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the Statement of profit and loss.

**2.7 Inventories**

Inventories are stated at lower of cost or net realizable value. In determining the cost of materials, the weighted average cost method is used.

**2.8 Revenue recognition**

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

The solutions offered by the Company may include supply of third-party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognises revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

The company recognises revenue for a sales-based or usage-based royalty promised in exchange for a licence of intellectual property only when (or as) the later of the following events occurs: the subsequent sale or usage occurs; and the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

The company recognizes revenue when it is reasonably expect that an entity will undertake activities that significantly affect the intellectual property include the entity's customary business practices, published policies or specific statements. Although not determinative, the existence of a shared economic interest (for example, a sales-based royalty) between the company and the customer related to the intellectual property to which the customer has rights may also indicate that the customer could reasonably expect that the entity will undertake such activities.

Judgement is also required to determine the transaction price for the contract. The transaction price a substantial amount of the consideration promised by the customer is variable and the amount or timing of that consideration varies on the basis of the occurrence or non-occurrence of a future event that is not substantially within the control of the customer or the entity

**2.9 Foreign currency transactions**

The functional currency of the company is US Dollar (USD).

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the dates of Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the Statement of profit and loss.

**2.10 Financial Instruments:**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

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.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognized in Statement of profit and loss.

**i) Non-derivative financial instruments:**

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized 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.

Financial assets at fair value

Financial asset not measured at amortized cost is carried at fair value through profit and loss (FVTPL) on initial recognition, unless the company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investment in equity instruments which are not held for trading.

The Company, on initial application of IND AS 109 Financial Instruments, has made an irrevocable election to present in other comprehensive income subsequent changes in fair value of equity instruments not held for trading.

Financial asset at FVTPL are measured at fair values at the end of each reporting period, with any gains or losses arising on re-measurement recognized in Statement of profit and loss.

Financial liabilities

Financial liabilities maturing after one year are subsequently carried at amortized cost using the effective interest method.

For trade payables and other financial liabilities maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**ii) Derivative financial instruments and hedge accounting**

**iii) Derecognition of financial instruments**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

**2.11 Taxation:**

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the local tax laws existing in the respective countries.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the income taxes or deferred taxes are recognized in other comprehensive income or directly in equity, respectively.

Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

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.

Deferred income tax asset are recognized to the extent that 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.

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 tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

**2.12 Earnings per share**

Basic earnings/(loss) per share are calculated by dividing the net profit/(loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the year and also after the Balance Sheet date but before the date the financial statements are approved by the Board of Directors.

For the purpose of calculating diluted earnings/(loss) per share, the net profit/(loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

**2.13 Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized when the Company 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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities and Contingent assets are not recognized in the financial statements.

**2.14 Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of that asset. All other borrowing costs are charged to the statement of profit and loss.

**2.15 Goodwill**

Goodwill represents the cost of acquired business as established at the date of acquisition of the business in excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities less accumulated impairment losses, if any. Goodwill is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED ON MARCH 31, 2023

**Note 1A - Property, Plant and Equipment**

**Amount in USD**

| Particulars | Gross Block | | | | Accumulated Depreciation / Amortization | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1st April, 2022 | Additions on Acquisition | Disposal | As at March 31, 2023 | As at 1st April, 2022 | For during the period | Disposal | As at March 31, 2023 | As at March 31, 2023 | As at 31st March 2022 |
| Furniture and Fixtures | 95,000 | - | 95,000 | - | 1,583 | 7,917 | 9,500 | (0) | 0 | 93,417 |
| Office Equipment | 395,000 | - | 395,000 | - | 6,583 | 32,917 | 39,500 | (0) | 0 | 388,417 |
| Computers | 348,000 | - | 348,000 | - | 9,667 | 48,333 | 58,000 | 0 | (0) | 338,333 |
| **Total** | 838,000 | - | 838,000 | - | 17,833 | 89,167 | 107,000 | (0) | 0 | 820,167 |

**Note 1B - Intangible Assets (Other than internally generated)**

**Amount in USD**

| Particulars | Gross Block | | | | Accumulated Depreciation / Amortization | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1st April, 2022 | Additions on Acquisition | Disposal | As at March 31, 2023 | As at 1st April, 2022 | For during the period | Disposal | As at March 31, 2023 | As at March 31, 2023 | As at 31st March 2022 |
| Furniture and Fixtures | 30,000 | - | 30,000 | - | 30,000 | - | 30,000 | - | - | - |
| Office Equipment | 7,200,000 | - | - | 7,200,000 | 100,000 | 1,200,000 | - | 1,300,000 | 5,900,000 | 7,100,000 |
| Computers | 5,400,000 | - | - | 5,400,000 | 64,286 | 771,429 | - | 835,715 | 4,564,285 | 5,335,714 |
| **Total** | 12,630,000 | - | 30,000 | 12,600,000 | 194,286 | 1,971,429 | 30,000 | 2,135,715 | 10,464,285 | 12,435,714 |

**Previous year Note 1A - Property, Plant and Equipment**

**Amount in USD**

| **Particulars** | **Gross Block** | | | | **Accumulated Depreciation / Amortization** | | | | **Net Block** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **As at 1st April, 2021** | **Additions on Acquisition** | **Disposal** | **As at March 31, 2022** | **As at 1st April, 2021** | **For during the period** | **Disposal** | **As at March 31, 2022** | **As at March 31, 2022** | **As at 31st March 2021** |
| Furniture and Fixtures | - | 95,000 | - | 95,000 | - | 1,583 | | 1,583 | 93,417 | - |
| Office Equipment | - | 395,000 | - | 395,000 | - | 6,583 | | 6,583 | 388,417 | - |
| Computers | - | 348,000 | - | 348,000 | - | 9,667 | | 9,667 | 338,333 | - |
| **Total** | - | 838,000 | - | 838,000 | - | 17,833 | - | 17,833 | 820,167 | - |

**Note 1B - Intangible Assets (Other than internally generated)**

**Amount in USD**

| **Particulars** | **Gross Block** | | | | **Accumulated Depreciation / Amortization** | | | | **Net Block** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **As at 1st April, 2021** | **Additions on Acquisition** | **Disposal** | **As at March 31, 2022** | **As at 1st April, 2021** | **For during the period** | **Disposal** | **As at March 31, 2022** | **As at March 31, 2022** | **As at 31st March 2021** |
| Computer Software | - | 30,000 | - | 30,000 | - | 30,000 | - | 30,000 | - | - |
| Intellectual Property Rights (IPR) | - | 7,200,000 | - | 7,200,000 | - | 100,000 | - | 100,000 | 7,100,000 | - |
| Intangible assets- commercial agreement | - | 5,400,000 | - | 5,400,000 | - | 64,286 | - | 64,286 | 5,335,714 | - |
| **Total** | - | 12,630,000 | - | 12,630,000 | - | 194,286 | - | 194,286 | 12,435,714 | - |

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED ON MARCH 31, 2023

**Note 2 - Trade receivables :**

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| - Considered good – Unsecured | 968,835 | - |
| Less: Allowance for doubtful trade receivables | - | - |
| | 968,835 | |
| Trade receivables -Billed (A) | 968,835 | - |
| Trade receivables -Unbilled (B) | 6,577,544 | 1,668,939 |
| **Total (A+B)** | **7,546,379** | **1,668,939** |

**Note 3 - Cash and cash equivalents :**

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Balances with banks: | | |
| - In current accounts | 7,879,747 | 155,000 |
| **Total** | **7,879,747** | **155,000** |

**Note 4 - ,Loans :**

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Intercompany loan CT Americas / CT USA (Florida) | 730,000 | - |
| Interest Income- Intercompany | 11,627 | - |
| **Total** | **741,627** | **-** |

**Note 5 -Borrowings :**

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Loan from related party | - | 20,000,000 |
| **Total** | **-** | **20,000,000** |

**Note 6 - Trade payables :**

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Trade payables | 14,409,950 | 1,567,328.00 |
| **Total** | **14,409,950** | **1,567,328** |

**Note 7 - Other Financials liabilities:**

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| CTL Florida/CTL America intercompany | 693 | 30,655 |
| **Total** | **693** | **30,655** |

**Note 8 - Revenue from operations :**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Revenue from operations | 22,664,858 | 1,668,939 |
| **Total** | **22,664,858** | **1,668,939** |

**Note 9 - Other income :**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Profit on sale of assets | 74,928 | - |
| Interest Income- Intercompany | 11,627 | |
| **Total** | **86,555** | **-** |

**Note 10 - Finance cost :**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Interest expense on borrowings | 329,724 | 30,655 |
| **Total** | **329,724** | **30,655** |

**Note 11- Other Expenses :**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Legal and professional fees | 558,262 | - |
| Forex Fluctuation Gain/Loss | 5,272 | - |
| **Total** | **563,534** | **-** |

**12. Related Party Disclosure**

a) Name of the related party and nature of relationship:-

| Name of the Related Party | Extent of holding / Relationship |
|---|---|
| Mahindra and Mahindra Limited | Entity having significant influence |
| Tech Mahindra Limited | Entity having significant influence |
| Comviva Technologies Limited | Holding Company |
| **Other related parties with whom transactions during the year/ previous year:** | |
| Comviva Technologies USA Inc | Fellow subsidiary |
| **Key Management Personnel:** | |
| Manoranjan Mohapatra | President/Director |
| Neeraj Jain | Director |
| Amit Sanyal | Director |

b) Transactions with Related Parties:

| Particulars | Transactions for the year ended at March 31, 2023 Revenue / (Expense) | | | Balance as at March 31, 2023 Assets / (Liabilities) | | | |
|---|---|---|---|---|---|---|---|
| | Share Cpaital | Loan taken /(Repaid) | Loan given | Share Cpaital | Trade Payables | Loans & other financial assets / liabilities | Interest Accrued |
| Entity having significant influence | | | | | | | |
| †Tech Mahindra Limited | - | (20,000,000) | - | - | - | - | - |
| Holding Company | | | | | | | |
| Comviva Technologies Limited | 22,000,000 | - | - | (22,000,000) | - | - | - |
| Fellow subsidiary | | | | | | | |
| Comviva Technologies USA Inc | - | - | 730,000 | - | - | 730,000 | 11,627 |

| Particulars | Transactions for the year ended at March 31, 2023 Revenue / (Expense) | | | Balance as at March 31, 2023 Assets / (Liabilities) | | | |
|---|---|---|---|---|---|---|---|
| | Share Cpaital | Loan taken /(Repaid) | Loan given | Share Cpaital | Trade Payables | Loans & other financial assets / liabilities | Interest Accrued |
| Entity having significant influence | | | | | | | |
| †Tech Mahindra Limited | - | 20,000,000 | - | - | - | 20,000,000 | 30,655 |

**13. Financial Instruments**

The Company's Board of Directors have an overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

Amount in USD

| Particulars | Amortised cost* | Financial assets/ liabilities at fair value through profit or loss | Derivative instruments in hedging relationship | Total carrying value | Total fair value* |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Cash and cash equivalents (refer note 3) | 7,879,747 | - | - | 7,879,747 | 7,879,747 |
| Trade receivables (refer note 2) | 7,546,379 | - | - | 7,546,379 | 7,546,379 |
| Loans (refer note 5) | 741,627 | - | - | 741,627 | 741,627 |
| **Total** | **16,167,753** | **-** | **-** | **16,167,753** | **16,167,753** |
| **Liabilities:** | | | | | |
| Trade payables (refer note 6) | 14,409,950 | - | - | 14,409,950 | 14,409,950 |
| Lease Liability | - | - | - | - | - |
| Other financial liabilities (refer note 7) | 693 | - | - | 693 | 693 |
| **Total** | **14,410,643** | **-** | **-** | **14,410,643** | **14,410,643** |

*Fair value of amortised assets is same as carrying value

The carrying value and fair value of financial instruments by categories as at March 31, 2022 were as follows:

Amount in USD

| Particulars | Amortised cost* | Financial assets/ liabilities at fair value through profit or loss | Derivative instruments in hedging relationship | Total carrying value | Total fair value* |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Cash and cash equivalents (refer note 3) | 155,000 | - | - | 155,000 | 155,000 |
| Trade receivables (refer note 2) | 1,668,939 | - | - | 1,668,939 | 1,668,939 |
| Loans (refer note 5) | - | - | - | - | - |
| **Total** | **1,823,939** | **-** | **-** | **1,823,939** | **1,823,939** |
| Liabilities: | | | | | |
| Trade payables (refer note 6) | 1,567,328 | - | - | 1,567,328 | 1,567,328 |
| Lease liability | - | - | - | - | - |
| Other financial liabilities (refer note 7) | 30,655 | - | - | 30,655 | 30,655 |
| **Total** | **1,597,983** | **-** | **-** | **1,597,983** | **1,597,983** |

*The fair value of cash and cash equivalents, other balances with bank, trade receivables, trade payables and certain other financial assets and liabilities approximate their carrying amount largely due to the short term nature of these instruments.

**II] Fair Value Hierarchy**

The company has no Financial assets and liabilities that are measured at fair value on a recurring basis.

**III] Financial Risk Management**

**Financial Risk Factors**

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. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

**(i) Market risk**

Market risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company exposure to market risk is primarily on account of foreign currency exchange rate risk.

**(a) Foreign currency exchange rate risk**

The entity has all transactions in functional currency where all assets and liabilities are denomenated in functional currency. Therefore, there is no impact of foreign currency exhange rate fluctuation risk.

**(b) Foreign Exchange Contracts**

The Company is not exposed primarily to fluctuations in foreign currency exchange rates, credit risk and liquidity risk which may impact the fair value of its financial instruments.

**(ii) Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled revenue, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, quoted bonds issued by government and quasi government organizations with high credit ratings.

**Credit Risk Exposure**

The carrying amount of financial assets represents the minimum credit exposure.

**Trade receivable**

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses financial position at each reporting date whether a financial asset or a group of financial assets is impaired. The Company recognises lifetime expected losses for all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**(iii) Liquidity Risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligation. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2023

Amount in USD

| Particulars | Less Than 1 Year | More Than 1 Year | Total |
|---|---|---|---|
| Trade Payables | 14,250,840 | 159,110 | 14,409,950 |
| Other financial liabilities | 693 | - | 693 |

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2022

Amount in USD

| Particulars | Less Than 1 Year | More Than 1 Year | Total |
|---|---|---|---|
| Borrowings | 20,000,000 | - | 20,000,000 |
| Trade Payables | 1,567,328 | - | 1,567,328 |
| Other financial liabilities | 30,655 | - | 30,655 |

**14 Basic and Diluted Earning per share**

| **Particulars** | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Nominal value per equity share | **1** | - |
| Profit for the year | **(2,170,687)** | 9,727 |
| Profit attributable to equity shareholders | **(2,170,687)** | 9,727 |
| | **No. of Shares** | **No. of Shares** |
| **Weighted average number of equity shares** | **6,931,507** | - |
| **Weighted average number of diluted equity shares** | **6,931,507** | - |
| **Earning Per Share- Basic** | **(0.31)** | - |
| **Earning Per Share- Diluted** | **(0.31)** | - |

**15** Segment Information has been presented in the Consolidated Financial Statements in accordance with Indian Accounting Standard Ind AS 108, Operating Segments as notified under the Companies (Indian Accounting Standard) Rules, 2015.

**16** Based on the information available with the Company, following creditors have been identified as “Supplier” within the meaning of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

Disclosures under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

| **Dues to micro and small suppliers** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| The amounts remaining unpaid to micro and small suppliers as at the end of the year: | | |
| Principal | **-** | - |
| Interest | **-** | - |
| The amounts of the payments made to micro, small and medium suppliers beyond the appointed day during each accounting year. | **-** | - |
| The amount of interest paid under the act beyond the appointed day during the year | **-** | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED | **-** | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year. | **-** | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED | **-** | - |

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2022 and March 31, 2021 has been made in the financial statements based on information received and available with the Company.

**14 Basic and Diluted Earning per share**

Amount in USD

| **Particulars** | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Current tax: | | |
| -Tax expense related to current year | **1,175,628** | 4,110 |
| -Tax expense related to earlier year | **(4,110)** | - |
| Total Current tax | **1,171,518** | 4,110 |

The tax expense for the period can be reconciled to the accounting profit as follows:

Amount in USD

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Profit before Tax | **(4,756,333)** | 13,837 |
| Enacted/effective tax rate | **29.70%** | 29.70% |
| Income tax expense calculated at enacted/effective tax rate | **(1,412,631)** | 4,110 |
| Effect of expenses/income that are not admissible in determining taxable profit^ | **2,588,259** | - |
| Effect of income taxes related to prior years^ | **(4,110)** | - |
| Effect of tax on income at different rates | **-** | - |
| Others | **-** | - |
| Income tax expense recognised in profit or loss | **1,171,518** | 4,110 |

**18 Deferred Tax:**

The following is the analysis of deferred tax assets presented in the balance sheet:

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Deferred tax assets | **3,757,163** | - |
| Deferred tax liabilities | **-** | - |
| Deferred tax assets (net) | **3,757,163** | |

The tax effect of significant timing differences that has resulted in deferred tax assets are given below:

Amount in USD

| Particulars | For the year ended March 31, 2023 | | | |
|---|---|---|---|---|
| | **Opening balance** | **Recognized in Profit and loss** | **Recognized in OCI** | **Closing balance** |
| Provision for Employee benefits | - | - | - | - |
| Provision for doubtful Trade receivables and Inventory | - | - | - | - |
| Property, Plant & Equipment and Intangibles assets | - | 955,687 | - | 955,687 |
| Changes in fair value of derivatives designated as hedges | - | - | - | - |
| Others | - | 2,801,476 | - | 2,801,476 |
| **Net Deferred Tax Assets** | - | 3,757,163 | - | 3,757,163 |

Amount in USD

| **Particulars** | **For the year ended March 31, 2023** | | | |
|---|---|---|---|---|
| | **Opening balance** | **Recognized in Profit and loss** | **Recognized in OCI** | **Closing balance** |
| Provision for Employee benefits | - | - | - | - |
| Provision for doubtful Trade receivables and Inventory | - | - | - | - |
| Property, Plant & Equipment and Intangibles assets | - | - | - | - |
| Changes in fair value of derivatives designated as hedges | - | - | - | - |
| Others | - | - | - | - |
| Net Deferred Tax Assets | - | - | - | - |

**19** Previous year's figures have been re-classified to confirm to this year's classification.

As per our report of even date attached

For and on behalf of the Board of Directors of

**Comviva Technologies Americas Inc**

Rohit Suri & Associates
Chartered Accountants
Firm Registration No : 012259N

**Neeraj Jain**
**Director**

**Amit Sanyal**
**Director**

Proprietor
Membership No.091064
Place New Delhi
Date: April 22, 2023

**Manoranjan Mohapatra**
**Director**

# COMVIVA INTERNATIONAL NETHERLANDS B.V. (EARLIER DYNACOMMERCE HOLDING B.V.)

## UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 1ST JANUARY 2022 TO 31ST DECEMBER 2022

**Board of Directors**

Mr. Sandeep Phadke

**Registered office**

Stationsplein 5 A 1,

6131AT Sittard

**Bankers**

Rabo Bank, Netherland

**Auditors**

Koenen En CO

# DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2023

The Directors submit their report together with the Management Statements of Comviva International Netherlands B.V. ("The Company"), for the year ended 31st December, 2022.

**Principal Activity**

The principal activity of the Company is to provide solutions for telecommunication and network.

**Financial results and appropriations**

The financial results of the Company for the year ended 31st December, 2022 are set out in the statement of profit or loss and other comprehensive income.

**Events after the reporting period**

There are no significant events after the reporting period except as mentioned below.

**Shareholder and its interest**

Tech Mahindra Limited, was the 100% shareholder of the issued share capital of the Company. Comviva Technologies Limited acquired the entire stake in the Company through Comviva Technologies B.V. on January 02, 2023, and subsequently changed the name to Comviva International Netherlands B.V. with effect from January 24, 2023.

As on date, Comviva Technologies B.V. is the 100% shareholder of the issued share capital of the Company.

**Directors**

The Director who served during the year are as follows:

Sandeep Phadke

On behalf of the Board of Directors,

Sandeep Phadke
Director

Date 31st March 2023

The board of directors
Comviva International Netherlands B.V.
(previously Dynacommerce Holding BV)
Stationsplein 5A 1
6131 AT Sittard

Renier Nafzgerstraat 104
Postbus 1722 NL-6201 BS Maastricht T
+31 (0)43 321 90 80
F +31 (0)43 325 36 46
www.koenenenco.nl
KvK 88441601
Becon 385232

| Maastricht | Our reference | From |
|---|---|---|
| March 31, 2023 | JR22/108927 | TGU/BMU |

**Dear board of directors,**

In accordance with your instructions we have compiled the annual accounts 2022 of Comviva International Netherlands B.V. (previously Dynacommerce Holding BV), Sittard.

# ACCOUNTANT'SCOMPILATION REPORT

The financial statements of Comviva International Netherlands B.V. (previously Dynacommerce Holding BV) have been compiled by us using the information provided by you. The financial statements comprise the balance sheet as at 31 December 2022 and the profit and loss account for the year 2022 with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

This compilation engagement has been performed by us in accordance with Dutch law, including the Dutch Standard 4410, "Compilation engagements", which is applicable to accountants. The standard requires us to assist you in the preparation and presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. To this end we have applied our professional expertise in accounting and financial reporting.

In a compilation engagement, you are responsible for ensuring that you provide us with all relevant information and that this information is correct. Therefore, we have conducted our work, in accordance with the applicable regulations, on the assumption that you have fulfilled your responsibility. To conclude our work, we have read the financial statements as a whole to consider whether the financial statements as presented correspond with our understanding of Comviva International Netherlands B.V. (previously Dynacommerce Holding BV).

During this engagement we have complied with the relevant ethical requirements prescribed by the"Verordening Gedrags- en BeroepsregelsAccountants" (VGBA). You and other usersof these financial statements may therefore assume that we have conducted the engagement in a professional, competent and objective manner and with due care and integrity and that we will treat all information provided to us as confidential.

**FISCAL POSITION**

**Losses to be settled**

As at December 31, 2022 the losses to be settled amount to € 10.431.440.

In respect of these losses available for set-off, a deferred tax asset is recognised, which has been valuated against the nominal tax rate of 19,0% (2021: 15%).

**Taxable amount and taxation financial year 2022**

The fiscal result amounts € 272.626. There is no corporate income tax payment required regarding this result, because of the outstanding losses, which have to be settled.

We trust to have been of service. We are available to provide further explanation should you have questions or comments.

Yours sincerely,

KOENEN EN CO

Accountants

# BALANCE SHEET AS AT 31 DECEMBER 2022

(after appropriation of results)

| | | 31 December 2022 | | 31 December 2021 | |
|---|---|---|---|---|---|
| | | € | € | € | € |
| **ASSETS** | | | | | |
| **FIXED ASSETS** | | | | | |
| **Tangible fixed assets** | (1) | | | | |
| Leasehold improvements | | **577.784** | | 689.754 | |
| Equipment | | **56.782** | | 58.495 | |
| Furniture & fixtures | | **2.949** | | 16.367 | |
| | | | **637.515** | | 764.616 |
| **Financial fixed assets** | (2) | | | | |
| Participations in group companies | | **0** | | 0 | |
| Other outstanding debts | | **2.039.834** | | 1.663.470 | |
| | | | **2.039.834** | | 1.663.470 |
| **CURRENT ASSETS** | | | | | |
| **Receivables, prepayments and accrued income** | (3) | | | | |
| Trade debtors | | **5.400** | | 0 | |
| Receivable from group companies | | **1.445.003** | | 1.503.356 | |
| Taxes and social security | | **83.746** | | 59.806 | |
| Prepayments and accrued income | | **245.838** | | 20.946 | |
| | | | **1.779.987** | | 1.584.108 |
| **Cash and Bank** | (4) | | **1.147.660** | | 195.947 |
| | | | **5.604.996** | | 4.208.141 |
| **EQUITY AND LIABILITIES** | | | | | |
| **SHAREHOLDERS' EQUITY** | (5) | | | | |
| Issued share capital | | **12.018.000** | | 12.018.000 | |
| Share premium | | **1.585.222** | | 1.585.222 | |
| Other reserves | | **(8.929.818)** | | (9.580.873) | |
| | | | **4.673.404** | | 4.022.349 |
| **CURRENT LIABILITIES, ACCRUALS AND DEFERRED INCOME** | (6) | | | | |
| Accounts payable | | **207.765** | | 7.478 | |
| Taxes and social security | | **100.383** | | 0 | |
| Other liabilities | | **202.999** | | 157.008 | |
| Accruals and deferred income | | **420.445** | | 21.306 | |
| | | | **931.592** | | 185.792 |
| | | | **5.604.996** | | 4.208.141 |

# PROFIT AND LOSS ACCOUNT 2022

| | | **2022** | | 2021 | |
|---|---|---|---|---|---|
| | | **€** | **€** | € | € |
| **Net turnover** | (7) | | **5.319.747** | | 0 |
| **Costs** | | | | | |
| Costs of sales | (8) | **1.336.158** | | 0 | |
| Wages, salaries and social security costs | (9) | **2.263.065** | | 0 | |
| Depreciation | (10) | **183.533** | | 181.031 | |
| Other operating expenses | (11) | **1.259.218** | | 293.603 | |
| | | | **5.041.974** | | 474.634 |
| **Operating results** | | | **277.773** | | (474.634) |
| Interest expenses and similar charges | (12) | | **(3.802)** | | (59.881) |
| **Result before income tax** | | | **273.971** | | (534.515) |
| Income taxes | (13) | | **377.084** | | 1.605.610 |
| | | | **651.055** | | 1.071.095 |
| Result from participations | (14) | | **0** | | 831.546 |
| **Net result** | | | **651.055** | | 1.902.641 |

# GENERAL NOTES TO THE FINANCIAL STATEMENTS

**Activities**

The activities of Comviva International Netherlands B.V. (previously Dynacommerce Holding BV) are fully focused on end to end Omnius omnichannel solutions in name of Techmahindra ltd. So, the company continues to operate solely on the basis of the cost-plus arrangement for TechMahindra ltd.

On January 24 2023, the name Dynacommerce Holding B.V. has changed to Comviva International Netherlands B.V.

**Business address**

Comviva International Netherlands B.V. (previously Dynacommerce Holding BV) (registered under Chamber of Commerce number 66421470) is based at Stationsplein 5A 1 in Sittard.

**Group relationships**

Comviva International Netherlands B.V. (previously Dynacommerce Holding B.V.) settled in Sittard, The Netherlands is a 100% subsidiary of Tech Mahindra Limited, settled in Maharashtra, India. The financial statements of Comviva International Netherlands B.V. (previously Dynacommerce Holding B.V.) are included in the financial statements of Tech Mahindra Limited.

**Estimates and assumptions**

Comviva International Netherlands B.V. (previously Dynacommerce Holding BV) based its assumptions and estimates on circumstances and information available when the financial statements were prepared.

If it is necessary in order to provide the transparency required under art. 2:362 paragraph 1 of the Dutch Civil Code the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

**Mergers and acquisitions**

**Legal merger**

On April 6, 2022, the boards of Dynacommerce Holding B.V. (acquiring company) and Dynacommerce B.V. (disappearing company) decided on a legal merger. In this context, the capacity of Dynacommerce B.V. as can be seen from the balance sheet as of January 1, 2022 is transferred under general title to Dynacommerce Holding B.V. The assets and liabilities of Dynacommerce B.V. are included in the balance sheet of Dynacommerce Holding B.V. at the book values as of January 1, 2022. The accounting principles of appreciation used by Dynacommerce B.V. were the same as those used by Dynacommerce Holding B.V.

**GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements have been prepared in accordance with the general determination of Chapter 9 Book 2 of the Dutch Civil Code and the ‘’Richtlijnen voor de Jaarverslaggeving voor kleine rechtspersonen’’ issued by the ‘’Raad voor de Jaarverslaggeving’’.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless mentioned otherwise, the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value.

Income and expenses are accounted on accrual basis. Profit is only included when realized on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

The Dutch Accounting Standards Board (“Raad voor de Jaarverslaggeving”) has decided to implement specific changes to the revenue recognition guidelines and to clarify these standards with further explanations. These changes relate to Dutch Accounting Standards applicable to small legal entities RjK B13 “Profit and loss account” and RjK B5.3 “Construction Contracts”.

The changes are effective for financial years beginning on or after January 1, 2022. If the new guidelines for the company have led to a changed revenue recognition and/or presentation, this is explained under the section “Changes in accounting policies”.

## PRINCIPLES FOR THE VALUATION OF ASSETS AND LIABILITIES

### Intangible fixed assets

Intangible fixed assets are presented at cost less accumulated amortization and, if applicable, less impairments. Amortization is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The useful life and the amortization method are reassessed at the end of each financial year. Depreciation in 3 years based on the portfolio of customers taken over.

Internal development costs for technology and software are recognized as an intangible asset if, and only if, all of the following have been demonstrated:

- The technical feasibility to complete the project;
- The intention to complete the intangible asset, and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development; and
- The cost of developing the asset can be measured reliably.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. All expenditures on research activities and development activities for which the recognition criteria listed above are not met are expensed in the income statement as incurred.

### Tangible fixed assets

The tangible fixed assets are presented at the cost less the accumulated depreciations and, if applicable, the special impairments. The depreciations are based on the estimated economic lifespan and are calculated on the basis of a fixed percentage of the purchase price, taking into account a residual value, if any. Depreciation is provided from the date an asset comes into use.

### Financial fixed assets

Deferred tax assets are recognised for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognised insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

### Receivables, prepayments and accrued income

The receivables are included at the face value, after deduction of the provisions deemed necessary for the risk of uncollectable claims. These provisions are determined on receivables which are send to the lawyer and the collection agency.

### Current liabilities, accruals and deferred income

Upon initial recognition, the liabilities recorded are stated at fair value and then valued at amortized cost.

## PRINCIPLES FOR THE DETERMINATION OF THE RESULT

### General

The result is determined as the difference between the net realisable value of the performances and services rendered, on the one hand, and the costs and other charges of the year, valued at historical cost, on the other.

Revenue arising from the services provided is recognised pro rata to the services provided, based on the costs incurred in relation to the services provided up to the balance sheet date, in proportion to the estimated cost of the total services to be provided. The cost of these services is allocated to the same period.

**Revenue recognition**

**Services**

Net turnover comprises the income from the supply of services less discounts and rebates and taxes levied on turnover.

**Costs**

Costs are determined on a historical basis and allocated to the reporting year to which they relate.

**Tax**

The corporate income tax is calculated at the applicable rate over the result of the financial year, taking into account any permanent differences between profit calculation in accordance with the financial statements and the fiscal result calculation.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

# DISCLOSURE ON BALANCE SHEET AS AT 31 DECEMBER 2022

| **ASSETS** | **Omnius product development** |
|---|---|
| | € |
| Bookvalue 1 January 2022 | |
| Depreciation | 0 |
| Merger of Dynacommerce B.V. | 2.876 |
| | **2.876** |
| | |
| The movement in the bookvalue are as follows: | |
| **Depreciation** | **(2.876)** |
| Bookvalue 31 December 2022 | |
| Depreciation | 0 |
| **Merger of Dynacommerce B.V.** | 0 |
| | **0** |

**1. Tangible fixed assets**

| | Leasehold Improvement | Equipment | Furniture & fixtures | Total |
|---|---|---|---|---|
| | € | € | € | € |
| Bookvalue 1 January 2022 | 689.755 | 58.495 | 16.367 | 764.617 |
| Merger of Dynacommerce B.V. | 0 | 34.529 | 0 | 34.529 |
| Investments | 2.070 | 16.956 | 0 | 19.026 |
| Deprecation | -114.041 | -53.198 | -13.418 | -180.657 |
| Bookvalue 31 December 2022 | **577.784** | **56.782** | **2.949** | **637.515** |
| Depreciation percentages | | | | % |
| Leasehold improvements | | | | 10 |
| Equipment | | | | 20 |
| Furniture & fixtures | | | | 20 |

**2. Financial fixed assets**

| | 31-12-2022 | 31-12-2021 |
|---|---|---|
| | € | € |
| Other outstanding debts | | |
| Deposits | **57.860** | 57.860 |
| Deferred tax assets | **1.981.974** | 1.605.610 |
| | **2.039.834** | 1.663.470 |

As at balance sheet date a loss for set-off remains of € 10.431.440. According to the changed ruling tax law, these losses can be set-off against possible future fiscal profits. Based on the loss set-off there is a deferred tax asset of € 1.981.974, which is 19% of € 10.431.440 (2021: 15% of € 10.704.066).

**CURRENT ASSETS**

**3. Receivables, prepayments and accrued income**

| | 31-12-2022 | 31-12-2021 |
|---|---|---|
| | € | € |
| **Trade debtors** | | |
| Trade debtors | **5.400** | 0 |
| Receivable from group companies | | |
| Dynacommerce B.V. | **0** | 1.503.356 |
| Trade debtors Tech Mahindra Ltd. | **1.445.003** | 0 |
| | **1.445.003** | 1.503.356 |
| **Taxes and social security** | | |
| VAT | **71.210** | 59.806 |
| Pensions | **12.536** | 0 |
| | **83.746** | 59.806 |
| **Prepayments and accrued income** | | |
| Other prepaid expenses | **21.810** | 0 |
| Prepaid rent building | **20.946** | 20.946 |
| Amounts to be invoiced | **203.082** | 0 |
| | **245.838** | 20.946 |

## 4. Cash and Bank

| | 31-12-2022 | 31-12-2021 |
|---|---|---|
| | **€** | € |
| Rabobank, business account | **1.147.660** | 195.947 |

## 5. Shareholders' equity

| | 31-12-2022 | 31-12-2021 |
|---|---|---|
| | **€** | € |
| **Issued share capital** | | |
| 12.018.000 ordinary shares of € 1,00 | **12.018.000** | 12.018.000 |

| | 2022 | 2021 |
|---|---|---|
| | **€** | € |
| **Share premium** | | |
| Balance as at 1 January | **1.585.222** | 1.585.222 |
| Mutation | **0** | 0 |
| Balance as at 31 December | **1.585.222** | 1.585.222 |
| **Other reserves** | | |
| Balance as at 1 January | **(9.580.873)** | (11.483.514) |
| Net profit | **651.055** | 1.902.641 |
| Balance as at 31 December | **(8.929.818)** | (9.580.873) |

The general meeting of shareholders has approved the annual report 2021. In line with the proposal of the board of directors, the results of 2021 have been added to the other reserves.

## 6. Current liabilities, accruals and deferred income

| | 31-12-2022 | 31-12-2021 |
|---|---|---|
| | **€** | € |
| **Accounts payable** | **207.765** | 7.478 |
| Accounts payable | | |
| **Taxes and social security** | | |
| Wage tax | **100.383** | 0 |

| | 31-12-2022 | 31-12-2021 |
|---|---|---|
| | **€** | € |
| **Other liabilities** | | |
| Other payables | **69.900** | 0 |
| Other payables rent building | **133.099** | 157.008 |
| | **202.999** | 157.008 |
| **Accruals and deferred income** | | |
| Holiday obligation | **82.640** | 0 |
| Provision leave days payable | **263.940** | 0 |
| Insurances to be paid | **0** | 948 |
| Invoices to be received | **48.865** | 0 |
| Provision Tax (CIT) filing fees | **5.000** | 0 |
| Invoices accounting fee to be received | **20.000** | 20.358 |

| | | |
|---|---|---|
| | **420.445** | 21.306 |

**Righs and liabilities not included in the balance sheet**

**Multi-year financial obligations**

Operational lease

The company has an operational lease-contract with Zuidlease for cars with total monthly payments of about € 765. Duration of the contract is variable.

Rent agreement

The company has rented an office space in a building located at the Stationsplein 5a, Sittard. The total rent amounts € 21.000 (included VAT) a month. The contract has a duration of initially 10 years and will be ending on December 31, 2027.

**DISCLOSURE ON PROFIT AND LOSS ACCOUNT 2022**

**7. Net turnover**

| | **31-12-2022** | 31-12-2021 |
|---|---|---|
| | **€** | € |
| Net turnover intercompany | **5.298.061** | 0 |
| Net turnover service costs | **21.479** | 0 |
| Various sales | **207** | 0 |
| | **5.319.747** | 0 |

**8. Costs of sales**

| | **31-12-2022** | 31-12-2021 |
|---|---|---|
| | **€** | € |
| Costs of sales | **1.336.158** | 0 |

**9. Wages, salaries and social security costs**

| | **31-12-2022** | 31-12-2021 |
|---|---|---|
| | **€** | € |
| Wages and salaries | **1.697.213** | 0 |
| Social security charges | **217.583** | 0 |
| Pension contributions | **62.653** | 0 |
| Other personnel costs | **285.616** | 0 |
| | **2.263.065** | 0 |
| **Wages and salaries** | | |
| Wages and salaries | **1.536.400** | 0 |
| Mutation holiday pay and holiday obligations | **163.107** | 0 |
| Wage subsidies | **(2.294)** | 0 |
| | **1.697.213** | 0 |
| **Pension contributions** | | |
| Pension contributions | **62.653** | 0 |
| **Other personnel costs** | | |
| Payrol service provider costs | **10.523** | 0 |
| Expense renumeration | **95.244** | 0 |
| Bonus | **28.853** | 0 |

| | **31-12-2022** | 31-12-2021 |
|---|---|---|
| | **€** | € |
| Canteen | **4.028** | 0 |
| Other personnel costs | **146.968** | 0 |
| | **285.616** | 0 |

**Employees**

At the end of 2022 the company employed 27 (2021: 0) members of staff (including managing directors). Last year, employees worked under the name of Dynacommerce B.V.

## 10. Depreciation

| | **31-12-2022** | 31-12-2021 |
|---|---|---|
| | **€** | € |
| Intangible fixed assets | **2.876** | 0 |
| Tangible fixed assets | **180.657** | 181.031 |
| | **183.533** | 181.031 |
| **Depreciation intangible fixed assets** | | |
| Omnius product development | **2.876** | 0 |
| **Depreciation tangible fixed assets** | | |
| Leasehold improvements | **114.041** | 112.911 |
| Equipment | **53.198** | 54.984 |
| Furniture & fixtures | **13.418** | 13.136 |
| | **180.657** | 181.031 |

## 11. Other operating expenses

| | **31-12-2022** | 31-12-2021 |
|---|---|---|
| | **€** | € |
| Housing expenses | **291.289** | 193.329 |
| Office expenses | **752.108** | 0 |
| Car expenses | **6.570** | 0 |
| Selling expenses | **21.502** | 0 |
| Other operating expenses | **187.749** | 100.274 |
| | **1.259.218** | 293.603 |
| **Housing expenses** | | |
| Hiring and rental charges | **183.822** | 178.360 |
| Energy expenses | **37.179** | 185 |
| Maintenance buildings | **53.213** | 1.793 |
| Guard expenses | **15.078** | 12.991 |
| Other housing expenses | **1.997** | 0 |
| | **291.289** | 193.329 |
| **Office expenses** | | |
| Office materials | **6.128** | 0 |

| | | |
|---|---|---|
| Automation expenses | **679.808** | 0 |
| Phone and internet | **36.946** | 0 |
| Other office expenses | **29.226** | 0 |
| | **752.108** | 0 |
| **Car expenses** | | |
| Lease costs | **6.570** | 0 |
| **Selling expenses** | | |
| Representation | **147** | 0 |
| Exhibitions | **494** | 0 |
| Travel expenses | **20.861** | 0 |
| | **21.502** | 0 |
| **Other operating expenses** | | |
| Professional fees | **98.210** | 72.551 |
| Consulting fees | **12.450** | 4.310 |
| Insurances | **57.971** | 19.072 |
| Small purchases | **3.669** | 0 |
| Subsciptions | **15.448** | 0 |
| Other operating expenses | **1** | 4.341 |
| | **187.749** | 100.274 |

**Financial income and expense**

**12. Interest expenses and similar charges**

| | **31-12-2022** | 31-12-2021 |
|---|---|---|
| | **€** | € |
| Bank charges | **3.802** | 1.284 |
| Interest intercompany loan | **0** | 58.401 |
| Non-tax-deductible fines | **0** | 196 |
| | **3.802** | **59.881** |

**13. Income taxes**

| | **31-12-2022** | 31-12-2021 |
|---|---|---|
| | **€** | € |
| Deferred income taxes | **(377.084)** | (1.605.610) |

**14. Result from participations**

| | **31-12-2022** | 31-12-2021 |
|---|---|---|
| | **€** | € |
| Net result of Dynacommerce B.V. | **0** | 831.546 |

**Signature Board of directors**

The financial statements are thus prepared by the board.

Sittard,

On their behalf,
S. Phadke

# YABX INDIA PRIVATE LIMITED

**Board of Directors**

Mr. Rajat Dayal, Director & CEO

Mr. Neeraj Jain, Director

Mr. Ramutar Goel, Director

Mr. George Thomas Thekkekara, Director

**Auditors**

M/s. BSR & CO. LLP, Chartered Accountants
8th floor, Business Plaza, Westin Hotel Campus, 36/3-B,
Koregaon Park Annex, Mundhwa Road,
Ghorpadi, Pune - 411001, India

**Bankers**

ICICI Bank Limited

**Registered Office**

8th Floor, Capital Cyberscape, Sector-59, Golf

Course Extension Road, Gurugram, Haryana-122102

# BALANCE SHEET AS AT MARCH 31, 2023

Amount in ₹

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| (a) Property, plant and equipment | | **77,806** | |
| (b) Capital work-in-progress | 3 | **11,690,062** | 5,047,900 |
| (c) Income tax assets (net) | | | 10,886 |
| (d) Deferred tax assets (net) | 4 | **4,411,701** | 1,250,562 |
| **Total non-current assets** | | **16,179,569** | 6,309,348 |
| **Current assets** | | | |
| (a) Financial assets | | | |
| (i) Cash and cash equivalents | 5 | **3,796,566** | 2,918,610 |
| (ii) Trade Receivables | 6 | | |
| Billed | | **233,712,903** | 89,708,117 |
| Unbilled | | **51,071,446** | 7,581,917 |
| (iii) Other financial assets | 7 | **-** | 2,344,513 |
| (b) Other current assets | 8 | **11,605,677** | 1,719,675 |
| **Total current assets** | | **300,186,592** | 104,272,832 |
| **TOTAL ASSETS** | | **316,366,161** | 110,582,180 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity share capital | 9 | **70,138,310** | 70,138,310 |
| (b) Other equity | 10 | **19,920,398** | 1,763,888 |
| | | **90,058,708** | 71,902,198 |
| **Liabilities** | | | |
| **Non current liabilities** | | | |
| (a) Provisions | 11(i) | **5,781,409** | 4,007,978 |
| **Total non-current liabilities** | | **5,781,409** | 4,007,978 |
| **Current Liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 12 | **163,000,000** | 15,000,000 |
| (ii) Trade payables | 13 | | |
| -Dues of micro and small enterprises | | **235,440** | 50,184 |
| -Dues of creditors other than MSME | | **31,906,806** | 7,476,312 |
| (iii) Other financial liabilities | 14 | **13,346,301** | 9,418,505 |
| (b) Other current liabilities | 15 | **3,013,400** | 2,078,742 |
| (c) Provisions | 11(ii) | **1,140,133** | 648,261 |
| (d) Income tax liabilities (net) | | **7,883,964** | |
| **Total current liabilities** | | **220,526,044** | 34,672,004 |
| **TOTAL EQUITY AND LIABILITIES** | | **316,366,161** | 110,582,180 |
| **See accompanying notes forming part of financial statements** | 1-20 | | |

For and on behalf of the Board of Directors of

**YABX India Private Limited**

**Ramutar Goel**

Director

Delhi

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

Amount in ₹

| Particulars | Note No. | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|
| Revenue from operations | 16 | **178,153,079** | 97,447,280 |
| Other income | 17 | **9,241,938** | 149,507 |
| **Total Income (I+II)** | | **187,395,017** | 97,596,787 |
| **Expenses** | | | |
| (a) Employee benefits expense | 18 | **108,768,431** | 70,778,757 |
| (b) Subcontracting cost | | **29,243,728** | 7,399,555 |
| (c) Finance costs | 19 | **7,501,232** | 85,019 |
| (d) Depreciation and amortization expense | | **9,726** | - |
| (e) Other expenses | 20 | **15,650,759** | 6,394,488 |
| **Total expenses** | | **161,173,876** | 84,657,819 |
| **Profit /(loss) before tax** | | **26,221,141** | 12,938,968 |
| **Tax expenses:** | | | |
| (a) Current tax | | **10,218,829** | - |
| (b) Deferred tax | | **(2,904,794)** | (1,150,289) |
| | | **7,314,035** | (1,150,289) |
| **Profit /(loss) after tax** | | **18,907,106** | 14,089,257 |
| **Other comprehensive income/(loss)** | | | |
| (I) Items that will not be reclassified to profit or loss | | | |
| (a) Re-measurement gain/(loss) on defined benefit plans | | **(1,039,721)** | (398,413) |
| (II) Income tax (expenses)/income relating to items that will not be reclassified to profit or loss | | **256,345** | 100,273 |
| **Other comprehensive income/(loss) for the year/period** | | **(783,376)** | (298,140) |
| **Total comprehensive income/ (loss) for the year/period** | | **18,123,730** | 13,791,117 |
| **Earnings per Equity share (Face value of ₹ 10/- each)** | | | |
| (a) Basic (in ₹) | | **2.70** | 2.63 |
| (b) Diluted (in ₹) | | **2.64** | 2.20 |
| **See accompanying notes forming part of financial statements** | 1-20 | | |

For and on behalf of the Board of Directors of

**YABX India Private Limited**

**Ramutar Goel**

Director

Delhi

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

**1. Company Overview**

YABX India Private Limited ("the Company" or "YABX") is a FinTech Venture of and subsidiary of Comviva Technologies Limited ("Comviva"), a global leader in Mobility Solutions. Comviva is a subsidiary of Tech Mahindra and a part of the Mahindra Group.

YABX was established with a vision to simplify financial access to more than 2 billion unbanked population in the emerging markets using the mobile phone device. The Company has an unparalleled edge to provide solutions that help achieve its core purpose of financial inclusion.

**2. Significant Accounting Policies**

**2.1 Statement of Compliance**

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.

**2.2 Basis for preparation of financial statements**

These financial statements are presented in Indian rupees ("INR") which is also the Company's functional currency. All amounts have been reported in Indian Rupees, unless otherwise stated.

These financial statements have been prepared on the historical cost basis and on accrual basis, except for certain financial instruments which are measured at fair values at the end of each reporting period as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realization in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purpose in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 Inventories or value in use in Ind AS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

**2.3 Use of Estimates:**

The preparation of financial statements requires the management of the company to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. 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 future periods are affected.

**Critical accounting estimates**

**i) Provisions**

Provision is recognized when the Company 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 a reliable estimate can be made. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. The policy for the same has been explained under Note 2.9.

**ii) Income Taxes**

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. The policy for the same has been explained under Note 2.11.

**iii) Defined benefit plans and compensated absences**

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. 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 policy for the same has been explained under Note 2.10.

**2.4 Property, Plant & Equipment and Other Intangible assets**

Property, Plant & Equipment and Other Intangible assets are stated at actual cost less accumulated depreciation and net of impairment. The actual cost capitalized includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on Property, Plant & Equipment including assets taken on lease, other than freehold land is charged based on straight line method on an estimated useful life as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, where the life of the assets has been assessed based on technical advice, considering the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

| **Type of Asset** | **Estimated useful life** |
|---|---|
| Plant and Equipment (Including Computers & Electronic equipments) | 3-5 years |
| Office Equipment | 5 years |
| Furniture and Fixtures | 5 years |

The estimated useful lives and residual values of the Property, Plant & Equipment and Other Intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of Property, Plant & Equipment and intangible assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant & Equipment and intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss.

Improvements to leased premises are amortized over their estimated useful life or period of the lease, whichever is shorter.

Assets costing up to  5,000 are fully depreciated in the year of purchase except when they are part of a larger capital investment programme.

Computer Software and hardware acquired for specific projects are amortized over the initial contract life of the project.

The cost of Software purchased for internal use is capitalized and depreciated in full in the month in which it is put to use.

Intellectual Property Right (IPR) is amortized over a period of 4 years.

**2.5 Financial Instruments:**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

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.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognized in Statement of profit and loss.

**i) Non-derivative financial instruments:**

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

**Financial assets at amortized cost**

Financial assets are subsequently measured at amortized 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.

**Financial assets at fair value**

Financial asset not measured at amortized cost is carried at fair value through profit and loss (FVTPL) on initial recognition, unless the company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investment in equity instruments which are not held for trading.

The Company, on initial application of IND AS 109 Financial Instruments, has made an irrevocable election to present in other comprehensive income subsequent changes in fair value of equity instruments not held for trading.

Financial asset at FVTPL are measured at fair values at the end of each reporting period, with any gains or losses arising on re-measurement recognized in Statement of profit and loss.

**Financial liabilities**

Financial liabilities maturing after one year are subsequently carried at amortized cost using the effective interest method.

For trade payables and other financial liabilities maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**ii) Derecognition of financial instruments**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The Company derecognises financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or have expired.

**2.6 Revenue recognition:**

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Revenue from cost plus contracts are recognized based on the terms of the contract over the service period.

Contracts assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract liability arises when there is Company's obligation to transfer goods or services to a customer for which the entity has received consideration ("Advances from Customer") or the amount is due from the customer ("Unearned Revenue")

**2.7 Short term leases and leases of low value Assets**

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease

**2.8 Foreign Currency transactions**

The functional currency of the Company is Indian Rupees (₹). Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the dates of Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the statement of profit or loss.

**2.9 Employee benefits**

**i) Gratuity:**

The Company accounts for its gratuity liability, a defined retirement benefit plan covering eligible employees. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's salary and the tenure of the employment. Liabilities with regard to a Gratuity plan are determined based on the actuarial valuation carried out by an independent actuary as at the Balance Sheet date using the Projected Unit Credit method.

Actuarial gains and losses are recognized in full in other comprehensive income and accumulated in equity in the period in which they occur. Past service cost is recognized in profit or loss in the period of a plan amendment.

**ii) Provident fund:**

The eligible employees of the Company are entitled to receive the benefits of Provident fund in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently at 12% of the basic salary) which are charged to the Statement of Profit and Loss on accrual basis.

**iii) Compensated absences:**

The Company provides for the compensated absences subject to Company's certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is provided based on the number of days of unavailed leave at each Balance Sheet date on the basis of an independent actuarial valuation using the Projected Unit Credit method.

Actuarial gains and losses are recognized in full in the Statement of Profit and Loss in the period in which they occur. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

**iv) Other short term employee benefits:**

Other short-term employee benefits such as performance incentives expected to be paid in exchange for the services rendered by employees, are recognized during the period when the employee renders the service.

**2.10 Taxation:**

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the income tax laws.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the income taxes or deferred taxes are recognized in other comprehensive income or directly in equity, respectively.

Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

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.

Deferred income tax asset are recognized to the extent that 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.

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.

**2.11 Employee Stock Option:**

Stock-based compensation represents the cost related to stock-based awards granted to employees. The Company measures stock-based compensation cost at grant date, based on the estimated fair value of the award and recognizes the cost (net of estimated forfeitures) on a straight line basis over the requisite service period for each separately vesting portion of the award, as if award was in substance, multiple awards. The Company estimates the fair value of stock options. The cost is recorded under the head employee benefit expense in the statement of profit and loss with corresponding increase in “Share based payment expense”.

**2.12 Earnings per share**

Basic earnings/(loss) per share are calculated by dividing the net profit/(loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the year and also after the balance Sheet date but before the date the financial statements are approved by the Board of Directors.

For the purpose of calculating diluted earnings per share, the net profit/(loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**2.13 Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized when the Company 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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities and Contingent assets are not recognized in the financial statements.

**2.14 Recent accounting pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

Ind AS 1 – Presentation of Financial Statements The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**3 .Property, Plant and Equipment**

| Particulars | Gross Block | | | | Accumulated Depreciation / Amortization | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 1, 2022 | Additions during the year | Disposals during the year | As at March 31, 2023 | As at April 1, 2022 | During the year | On disposal during the year | As at March 31, 2023 | As at March 31, 2023 | As at March 31, 2022 |
| **3A. Tangible Assets** | | | | | | | | | | |
| Plant and equipments | - | 87,531 | - | **87,531** | - | 9,726 | - | **9,726** | **77,806** | - |
| Computers | - | 87,531 | - | **87,531** | - | 9,726 | - | **9,726** | **77,806** | - |
| **Total** | - | 87,531 | - | **87,531** | - | 9,726 | - | **9,726** | **77,806** | - |
| **Previous year** | - | - | - | **-** | - | - | - | **-** | **-** | - |

**Note 3B - Capital work-in-progress**

**Capital work-in-progress ageing schedule as on March 31, 2023**

| | | | | | **Amount in** |
|---|---|---|---|---|---|
| **CWIP** | **Amount in CWIP for a period of** | | | | |
| | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| Projects in progress | 6,642,162 | 5,047,900 | | | 11,690,062 |

The company does not have any CWIP (including intangible assets under development) which is overdue or as exceeded its cost compared to its original plan and hence CWIP (including intangible assets under development) completion schedule is not applicable.

**Capital work-in-progress ageing schedule as on March 31, 2022**

| | | | | | |
|---|---|---|---|---|---|
| | | | | | **Amount in** |
| **CWIP** | **Amount in CWIP for a period of** | | | | |
| | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| Projects in progress | 5,047,900 | | | | 5,047,900 |

**4 .Deferred tax assets :**

| | | |
|---|---|---|
| | | **Amount in** |
| **Particulars** | **As at** | |
| | **March 31, 2023** | March 31, 2022 |
| Provision for Employee benefits | **4,411,701** | 493,109 |
| Brought forward business losses | **-** | 757,453 |
| **Total** | **4,411,701** | 1,250,562 |

**5 .Cash and cash equivalents :**

| | | |
|---|---|---|
| | | **Amount in** |
| Particulars | **As at** | |
| | **March 31, 2023** | March 31, 2022 |
| Balances with banks: | | |
| - In current accounts | **3,796,566** | 2,918,610 |
| **Total** | **3,796,566** | 2,918,610 |

**6 .Trade receivables :**

| | | |
|---|---|---|
| | | **Amount in** |
| Particulars | **As at** | |
| | **March 31, 2023** | March 31, 2022 |
| Trade receivables -Considered good | **233,712,903** | 89,708,117 |
| **Total** | **233,712,903** | 89,708,117 |

**7 .Other financial assets :**

**(i) Other Financial assets : Current**

| | | |
|---|---|---|
| | | **Amount in** |
| Particulars | **As at** | As at |
| | **March 31, 2023** | March 31, 2022 |
| Dues from Holding company | | |
| - Considered good | **-** | 2,344,513 |
| **Total** | **-** | 2,344,513 |

**8 . Other Assets :**

| | | |
|---|---|---|
| **(i) Other current assets** | | **Amount in** |
| Particulars | **As at** | |
| | **March 31, 2023** | March 31, 2022 |
| - Advance to suppliers | | |
| -Considered good | **3,955,686** | 16,806 |
| -Other loan and advances | | |
| -Considered good | **560,750** | 232,340 |
| - Balance with Government authorities | **7,084,794** | 1,468,133 |
| - Prepaid expenses | **8,737** | 2,396 |
| **Total** | **11,609,967** | 1,719,675 |

**9 .Share capital :**

| | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | Number | Amount in INR | Number | Amount in INR |
| **(a) Authorized :** | | | | |
| Equity shares of 10 each | **25,000,000** | **250,000,000** | 25,000,000 | 250,000,000 |
| **(b) Issued, subscribed and fully paid up :** | | | | |
| Equity shares of 10 each fully paid up | **7,013,831** | **70,138,310** | 7,013,831 | 70,138,310 |
| **Total** | **7,013,831** | **70,138,310** | 7,013,831 | 70,138,310 |

**(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:**

| | March 31, 2023 | | March 31, 2022 | |
|---|---|---|---|---|
| | Number | Amount in INR | Number | Amount in INR |
| **Equity Shares** | | | | |
| **Opening Balance** | **7,013,831** | **70,138,310** | 2,000,000 | 20,000,000 |
| Add: Shares issued during the year | **-** | **-** | 5,013,831 | 50,138,310 |
| **Closing Balance** | **7,013,831** | **70,138,310** | 7,013,831 | 70,138,310 |

**(ii) Terms, rights and restrictions attached to:**

**Equity Shares:**

The Company has equity shares having par value of 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the equity shares held by the shareholders.

**(iii) Details of shares held by the holding company**

| **Particulars** | **Number of Shares** | Number of Shares |
|---|---|---|
| | **As at March 31, 2023** | As at March 31, 2022 |
| Comviva Technologies Limited | **6,999,990** | 6,999,990 |

**(iv) Details of equity shares held by shareholder holding more than 5%:**

| **Name of shareholder** | **As at March 31, 2023** | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **No of Shares** | **% of Holding#** | No of Shares | % of Holding# |
| Comviva Technologies Limited* | **6,999,990** | **99.80%** | 6,999,990 | 99.80% |

# This percentage of holding is presented with reference to Issued, Subscribed and Paid up. *
Comviva Technologies Limited is the sole promoter of the company .

**10 .Other Equity :**

| | | | | |
|---|---|---|---|---|
| | **Amount in** | | | |
| **Particulars** | **As at** | | As at | |
| | **March 31, 2023** | | March 31, 2022 | |
| **Securities premium account** | | | | |
| Opening balance | **30,013** | | - | |
| Add: Transfer from share option outstanding account on exercise of stock options | | | 30,013 | |
| Closing balance | | **30,013** | | 30,013 |
| **Share options outstanding account** | | | | |
| Opening balance | **8,168,539** | | 3,923,706.92 | |
| Add: addition during the year | **32,780** | | 4,274,845.51 | |
| Less: transfer to securities premium account | **-** | | (30,013) | |
| Closing balance | | **8,201,320** | | 8,168,539 |
| **Surplus in the statement of profit and loss** | | | | |
| Opening balance | **(6,434,665)** | | (20,225,782) | |
| (Add): Profit/(loss) for the period | **18,907,106** | | 14,089,257 | |
| Add: Other comprehensive loss | **(783,376)** | | (298,140) | |
| Closing balance | | **11,689,065** | | (6,434,665) |
| **Total** | | **19,920,398** | | 1,763,888 |

**11 .Provisions :**

**(i) Long-term provisions**

| | | |
|---|---|---|
| | | **Amount in** |
| **Particulars** | **As at** | As at |
| | **March 31, 2023** | March 31, 2022 |
| Provision for employee benefits | | |
| -Gratuity | **4,385,224** | 2,738,314 |
| -Compensated absences | **1,396,185** | 1,269,664 |
| **Total** | **5,781,409** | 4,007,978 |

**(ii) Short-term provisions**

| | | |
|---|---|---|
| | | **Amount in** |
| **Particulars** | **As at** | As at |
| | **March 31, 2023** | March 31, 2022 |
| Provision for employee benefits | | |
| -Gratuity | **764,273** | 314,073 |
| -Compensated absences | **375,860** | 334,188 |
| **Total** | **1,140,133** | 648,261 |

**12 .Short-term borrowings :**

| | | |
|---|---|---|
| | | **Amount in** |
| **Particulars** | **As at** | As at |
| | **March 31, 2023** | March 31, 2022 |
| Unsecured Borrowings | | |
| - Loan from holding company | **163,000,000** | 15,000,000 |
| **Total** | **163,000,000** | 15,000,000 |

**13 . Trade payables :**

| | | Amount in |
|---|---|---|
| **Particulars** | **As at** | As at |
| | **March 31, 2023** | March 31, 2022 |
| Creditors for supplies / services | **31,906,806** | 7,476,312 |
| Creditors for supplies / services under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) | **235,440** | 50,184 |
| **Total** | **32,142,246** | 7,526,496 |

**14 . Other Financial liabilities:**

**(i) Other Financial liabilities : Current**

| | | Amount in |
|---|---|---|
| **Particulars** | **As at** | As at |
| | **March 31, 2023** | March 31, 2022 |
| Employee related payables | **7,763,089** | 8,727,969 |
| Payables on purchase of Property, plant and equipment | **-** | 627,300 |
| Interest accrued | **5,281,369** | 63,236 |
| Other Payables | **301,843** | |
| **Total** | **13,346,301** | 9,418,505 |

**15 . Other liabilities :**

| | | Amount in |
|---|---|---|
| **Particulars** | **As at** | As at |
| | **March 31, 2023** | March 31, 2022 |
| Statutory remittances | **3,013,400** | 2,078,742 |
| **Total** | **3,013,400** | 2,078,742 |

**16 . Revenue from operations :**

| | | Amount in |
|---|---|---|
| **Particulars** | **As at** | As at |
| | **March 31, 2023** | March 31, 2022 |
| Revenue | **178,153,079** | 97,447,280 |
| **Total** | **178,153,079** | 97,447,280 |

**17 . Other income :**

| | | Amount in |
|---|---|---|
| **Particulars** | **As at** | As at |
| | **March 31, 2023** | March 31, 2022 |
| Interest income | **-** | 135,715 |
| Foreign exchange expenses (net) | **9,241,938** | - |
| Miscellaneous Income | **-** | 13,792 |
| **Total** | **9,241,938** | 149,507 |

**18 . Employee benefits expense :**

| | | Amount in |
|---|---|---|
| **Particulars** | **As at** | As at |
| | **March 31, 2023** | March 31, 2022 |
| Salaries, wages and bonus | **102,817,524** | 62,259,608 |
| Defined Contribution/benefit plan cost | **5,043,321** | 3,474,910 |
| Staff welfare expenses | **874,806** | 769,393 |
| Employees share based payments | **32,780** | 4,274,846 |
| **Total** | **108,768,431** | 70,778,756 |

**19 . Finance costs :**

| | | Amount in |
|---|---|---|
| **Particulars** | **As at** | As at |
| | **March 31, 2023** | March 31, 2022 |
| Interest expense on bank overdraft and others | **7,501,232** | 85,019 |
| **Total** | **7,501,232** | 85,019 |

**20 . Other expenses :**

| | | Amount in |
|---|---|---|
| **Particulars** | **As at** | As at |
| | **March 31, 2023** | March 31, 2022 |
| Travelling and conveyance | **4,848,481** | 1,211,997 |
| Rent | **1,493,800** | 1,629,600 |
| Rates and taxes | **47,246** | 1,238,944 |
| Repairs and maintenance | **1,876,258** | 191,500 |
| Advertising and sales promotion | **2,015,401** | 766,725 |
| Legal and professional fees | **1,559,350** | 1,174,870 |
| Foreign exchange expenses (net) | **-** | 139,372 |
| Miscellaneous expenses | **96,523** | 41,480 |
| Recruitment Exepenses | **141,130** | - |
| Marketing Consultancy | **3,340,423** | |
| Seminar Expenses | **232,148** | |
| **Total** | **15,650,759** | 6,394,488 |

# ZEN3 INFOSOLUTIONS PRIVATE LIMITED

**Board of Directors**
Mr. Vivek Satish Agarwal - Director
Mr. R.V. Narasimham - Director

**Registered office**
12th Floor, Manjeera Trinity Corporate, beside Manjeera Mall,
JNTU - Hitech City Road, Phase 3, Kukatpally Housing Board Colony,
Kukatpally, Hyderabad, Telangana 500072

**Auditors**
M/s. K.Vijayaraghavan & Associates LLP
Plot 54, Sagar Society, Road No.2, Banjara Hills,
Hyderabad, Telangana 500034

**Bankers**
Axis Bank Limited

# DIRECTORS REPORT

Dear Members,

Your Directors have pleasure in presenting the **Eighth (8th**) Annual Report together with the Audited Financial Statements of your company for the financial year ended 31st March, 2023.

**FINANCIAL HIGHLIGHTS**

The Financial results of your Company are as under:

(Rs. In Lakhs)

| **Particulars** | **2022-23** | **2021-22** |
|---|---|---|
| Turnover | 9679.6 | 11802.60 |
| Profit before Depreciation | 684.3 | 1255.90 |
| Less: Depreciation | 346.4 | 475.9 |
| Profit/Loss before tax | 337.9 | 780.00 |
| Less: Income Tax Expense | | |
| Current Tax including prior year taxes | 84.3 | 374.6 |
| Deferred Tax | 42.2 | -46.08 |
| Profit After Tax | 211.4 | 452.20 |

**RESULTS OF THE OPERATIONS AND STATE OF COMPANY'S AFFAIRS**

The Company has achieved a Turnover of Rs. 9679.6 Lakhs as against previous year turnover of Rs. 11802.60 Lakhs and earned the Net Profit of Rs**.** 211.4 Lakhs as against Net profit Rs. 752.20 Lakhs of Previous year.

**DIVIDEND**

In view of the planned business growth, your Directors deem it proper to preserve the resources of the Company for its activities and therefore, do not propose any dividend for the Financial Year ended March 31, 2023.

**TRANSFER TO RESERVES**

The Company has transferred Rs. 211.4 Lakh to Reserves & Surplus during the year under review.

**INFORMATION ABOUT SUBSIDIARY/ JV/ ASSOCIATE COMPANY**

The Company does not have any Subsidiary, Joint venture, or Associate Company.

**MATERIAL CHANGES AND COMMITMENTS**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate on the date of this report.

**SHARE CAPITAL:**

During the year there were no changes in the Share Capital of the company

**ANNUAL RETURN:**

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return of the Company for the Financial Year 2022-23 is available on the Company's website at https://zen3tech.com/

**MEETINGS OF THE BOARD OF DIRECTORS**

The Company had 3 (Three) Board Meetings during the financial year under review. The details are given below:

| Sl. No. | Date of meeting | Total No. of Directors on the Date of Meeting | No. of Directors attended | % of Attendance |
|---|---|---|---|---|
| 1. | 08/06/2022 | 2 | 2 | 100 |
| 2. | 30/09/2022 | 2 | 2 | 100 |
| 3. | 19/01/2023 | 2 | 2 | 100 |
| 4. | 10/03/2023 | 2 | 2 | 100 |

**General Meetings**

| Type | Date of Meeting | Total members | No. of Members Present | % of Members Share Holding |
|---|---|---|---|---|
| AGM | 08.07.2022 | 2 | 2 | 100 |

**AUDITORS**

The members at the 4th Annual General Meeting of the Company held on 30.09.2019, appointed M/s **K.Vijayaraghavan & Associates LLP, Hyderabad, (Firm's Regn.No: 004718S),** as Statutory Auditors of the Company to hold office for five consecutive years till the conclusion of the 9th Annual General Meeting of the Company in the calendar year 2024.

Further they confirmed that they are not disqualified to continue as Statutory Auditors.

**AUDITORS' REPORT**

There are no qualifications or reservations or adverse remarks in the Auditor's Report which require any clarification/ explanation. The Notes on financial statements are self-explanatory and needs no further explanation.

**COMPLIANCE WITH INDIAN ACCOUNTING STANDARDS (Ind AS)**

The company being the wholly owned subsidiary of a Listed Company has adopted the Indian Accounting Standards (In AS) notified under Section 133 of the Companies Act,2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act, as such the financial statements are prepared accordingly.

These financial statements are the third financial statements of the Company under Ind AS.

**LOANS, GUARANTEES AND INVESTMENTS**

Your Directors confirm that there were no loans, guarantees or investments made by the Company under section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

**RELATED PARTY TRANSACTIONS**

Your Directors confirm that all contracts or arrangements entered by the company during the financial year with related parties were in the ordinary course of business and on an arm's length basis as disclosed in **Form No. AOC- 2** as per **Annexure-1** and is attached to this Report.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:**

**Conservation of Energy, Technology Absorption**

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 in respect of conservation of energy have not been furnished considering the nature of activities undertaken by the company are service in nature during the year under review. Your company, however, has taken significant measures to reduce energy consumption by using energy efficient computers and by using energy efficient equipment. Energy conservation is a consistent focus area for your company both from a cost control and a social responsibility perspective and further the company has not imported any technology during the period under review 2022-2023.

The details of Foreign Exchange Earnings and Outgo during 2022-23 are given below:

| | |
|---|---|
| Foreign Exchange earnings | Rs. 61,31,24,449/- |
| Foreign Exchange outgo- Travelling Expenses | NIL |

**DEPOSITS**

Your Directors, report that the company has neither accepted nor renewed any deposits covered under Chapter V of the Companies Act 2013 during the year under review.

**RISK MANAGEMENT**

The Company does not have any Risk Management Policy.

**CORPORATE SOCIAL RESPONSIBILITY:**

The Company has complied with the provisions of section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended for the Financial year 2022-23.

The Annual Report on Corporate Social Responsibility Activities of the Company for the Financial Year 2022-23 has been provided in the prescribed format as Annexure II to this report.

**DIRECTORS**

Pursuant to the provisions of Section 152(6)(c) of the Companies Act, 2013, Mr. Narasimham Venkata Rachakonda **(DIN: 00339167)** is liable to retire by rotation and offers himself for reappointment.

**None of the directors were disqualified during the year under review.**

**DIRECTORS' RESPONSIB ILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors of the Company confirms that-

| | |
|---|---|
| (a) | In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures; |
| (b) | The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period; |
| (c) | The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; |
| (d) | The directors had prepared the annual accounts on a going concern basis; and Company being unlisted sub clause of Sec – 134(3) is not applicable. |

The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

There is an adequate internal control system commensurate with the size of the Company and the nature of business.

**DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

No cases were filed pursuant to the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013 during the year under review.

**ORDER OF COURT**

There were no significant and material orders passed by the regulators or courts or Tribunals impacting the going concern status and company's operations in future.

**OTHER DISCLOSURES**

Directors of your company hereby state and confirm that the Company has complied with all the applicable Secretarial Standards.

**ACKNOWLEDGEMENT**

Your Directors take this opportunity to express their deep and sincere gratitude and appreciation for cooperation extended by the Governmental Agencies, Shareholders.

Your Directors also place on record their appreciation for the contributions made by the employees through their dedication, hard work and commitment. Your Directors also convey thanks and appreciation to the valued customers and dealers for their continued patronage.

**Place: Hyderabad**

**Date: 07.06.2023**

**For and on Behalf of the Board**
**ZEN3 INFOSOLUTIONS PRIVATE LIMITED**

| | |
|---|---|
| **Vivek Satish Agarwal** | **Narasimham Venkata Rachakonda** |
| **Director** | **Director** |
| **DIN: 05218475** | **DIN: 00339167** |

# ANNEXURE -1

**Form No. AOC-2**

**[Pursuant to clause (h) of dub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

**Details of contracts or arrangements or transactions not at arm's length basis:**

M/s.Zen3 Infosolutions Private Limited has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2022-23.

**Details of material contracts or arrangements or transactions at arm's length basis:**

The details of material contracts or arrangements or transactions at arm's length basis for the year ended 31st March, 2023 are as follows:

| Name of related party | Nature of relationshi p | Duration of contract | Salient terms# | Amount (in Rupees) |
|---|---|---|---|---|
| Mr.Madhu Ponduru | Employee of Holding Company | Agreement Date: 01- 07-2018, Duration for Contract 01-07-2018 to 30-06-2023 | Rent paid for FY 2022-23 | 48,35,146/- |
| Manoj Kanumuri | KMP-CEO | Agreement Date: 01- 07-2018, Duration for Contract 01-07-2018 to 30-06-2023 | Rent paid for FY 2022-23 | 41,33,430/- |
| Surya Rao Kalla | Employee of Holding Company | Agreement Date: 01- 07-2018, Duration for Contract 01-07-2018 to 30-06-2023 | Rent paid for FY 2022-23 | 59,37,615/- |
| Divya Kalla | Relative of Surya Rao Kalla (Employee of Holding Company) | Agreement Date: 01- 07-2018, Duration for Contract 01-07-2018 to 30-06-2023 | Rent paid for FY 2022-23 | 11,59,110/- |
| Arundhati Kalla | Relative of Surya Rao Kalla (Employee of Holding Company) | Agreement Date: 01- 07-2018, Duration for Contract 01-07-2018 to 30-06-2023 | Rent paid for FY 2022-23 | 11,59,110/- |

| | | | | |
|---|---|---|---|---|
| Zen3 Infosolutions (America) Inc | Sister Company | From time to time | Rendering Software Services | 61,31,24,449/- |
| Oslo Solutions LLC | Sister Company | From time to time | Rendering Software Services | Nil |
| Techmahindra Ltd | Holding Company | From time to time | Rendering Software Services | 13,87,53,210/- |
| Techmahindra Ltd | Holding Company | From time to time | Consultancy Charges | 1,52,842/- |

#since the contract was entered into in the ordinary course of business and on arm's length basis no approval is required, and no advance has been received.

**Place: Hyderabad**

**Date: 07.06.2023**

**For and on Behalf of the Board**
**ZEN3 INFOSOLUTIONS PRIVATE LIMITED**

**Vivek Satish Agarwal**
**Director**
**DIN: 05218475**

**Narasimham Venkata Rachakonda**
**Director**
**DIN: 00339167**

# ANNEXURE – II

**Annual Report on Corporate Social Responsibility Activities of Zen3 Infosolutions Private Limited for the Financial Year 2022-2023**

CIN NO.: U72200TG2015PTC102411
Regd. Office : 12th Floor, Manjeera Trinity Corporate, JNTU - Hitech City Road Hyderabad - 500 072, Telangana, India
e-mail : info@zen3tech.com , website : www.zen3tech.com Tel: +040-40011111

**Introduction**

Zen3 Infosolutions Private Limited, (hereinafter referred to as Company), is in the business of computer and related activities. The Company strives for holistic business growth. The company belives that alongwith economic performance, environmental and social stewardship is also required. The Company's focus has always been to contribute towards the sustainable development of society and environment.

The Corporate Social Responsibility (CSR) Contribution amount being less than Rupees Fifty Lacs for the Financial year 2022-2023, functions of the CSR Committee provided under section 135 of the Companies Act, 2013 are being discharged by the Board of Directors.

**Brief outline on CSR Policy of the Company.**

Zen3 Infosloutions Private Limited implements its CSR Programs primarily through Tech Mahindra Foundation (TMF) (Section 25 Company set up under the Companies Act 1956) and Mahindra Educational Institutions (Section 8 Company set up under the Companies Act 2013). The CSR activities of the company are in accordance with Section 135 of the Companies Act 2013 and the Rules notified thereunder. CSR focus area for the company is primarily promotion of Education. Within this broad theme specific areas such as school education, education for employment and technical education are included. Persons with disability and Women's Empowerment are cross-cutting themes in these focused areas. The interventions in these thematic areas will be prioritized to reach the underserved segments of the population like women, economically and geographically disadvantaged and vulnerable and marginalized population.

**Composition of CSR Committee.**

The functions of the CSR Committee provided under section 135 of the Companies Act, 2013 are being discharged by the Board of Directors.

**Board of Directors:**

Mr Vivek Satish Agarwal

Mr Narasimham Venkata Rachakonda

**Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.**

The CSR policy of the company can be accessed on the website of the Company www.zen3tech.com

**Details of Impact assessment of CSR projects carried out in pursuance of sub-rule**

**(3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014.**

**–** N.A.

**Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year. - NIL**

**Average net profit of the company as per section 135(5).**

FY 19-20 – Rs. 6,95,42,284/- FY 20-21 -- Rs. 8,93,91,455/- FY 21-22 – Rs. 7,80,00,000/-

The Average Net Profit before Tax is Rs. 7,89,77,913/-

**(a) Two percent of average net profit of the company as per section 135(5) –**

Rs.15,79,558/-

**Surplus arising out of the CSR projects or programmes or activities of the previous financial years. – NIL**
**Amount required to be set off for the financial year, if any** – NIL

**(d) Total CSR obligation for the financial year (7a+7b-7c). –** Rs. Rs.15,79,558/-

**CSR amount spent or unspent for the financial year 2022-2023**

| Total Amount Spent for the Financial Year. (in Rs.) | Amount Unspent (in Rs.) - NIL | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per section 135(6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). | | |
| | Amount. | Date of transfer. | Name of the Fund | Amount. | Date of transfer. |
| Rs.15,79,558/- | NIL | N.A. | N.A. | NIL | N.A. |

**Details of CSR amount spent against ongoing projects for the financial year 2022-2023:**

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project. | Item from the list of activities in Schedule VII to the Act. | Local area (Yes/ No). | Location of the project. | | Project duration. | Amount allocated for the project (in Rs.). | Amount spent in the current financial Year (in Rs.). | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.). | Mode of Implementation - Direct (Yes/No). | Mode of Implementation - Through Implementing Agency | |
| | | | | State. | District. | | | | | | Name | CSR Registration number. |
| NIL | | | | | | | | | | | | |

**Details of CSR amount spent against other than ongoing projects for the financial year 2022-2023:**

| (1) | (2) | | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project | Programme | Item from the list of activities in schedul e VII to the Act. | Local area (Yes / No). | Location of the project. | | Amount spent for the project (in Rs.). | Mode of implementation - Direct (Yes/No). | Mode of implementation - Through implementing agency. | |
| | | | | | State. | District. | | | Name. | CSR registration number. |
| 1. | Education | MEI | Schedul e VII, Item 2 (promoting education, includin | No | Hyderabad | | Rs.15,79,558/- | No | Mahindra Educational Institutions | CSR00001815 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | g special educati on and employ ment enhanci ng vocatio n skills especial ly among children ,women, elderly, and the differen tly abled and liveliho od enhance ment projects) | | | | | | |
| | **Total** | | | | | **15,79,558/-** | | | |

**Amount spent in Administrative Overheads -** NIL

**Amount spent on Impact Assessment – N.A.**

**Total amount spent for the Financial Year 2020-2021 (8b+8c+8d+8e) –**
Rs.15,79,558/-

**Excess amount for set off – NIL**

| **Sl. No.** | **Particular** | **Amount (in Rs.)** |
|---|---|---|
| (i) | Two percent of average net profit of the company as per section 135(5) | 15,79,558/- |
| (ii) | Total amount spent for the Financial Year | 15,79,558/- |
| (iii) | Excess amount spent for the financial year [(ii)- (i)] | NIL |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | NIL |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | NIL |

**(a) Details of Unspent CSR amount for the preceding three financial years: NIL**

| **Sl. No.** | **Preceding Financial Year.** | **Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)** | **Amount spent in the reporting Financial Year (in Rs.).** | **Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.** | | | **Amount remaining to be spent in succeeding financial years. (in Rs.)** |
|---|---|---|---|---|---|---|---|
| | | | | **Name of the Fund** | **Amount (in Rs).** | **Date of transfer.** | |
| 1 | 2019-2020 | NIL | NIL | NIL | NIL | NIL | NIL |
| 2 | 2020-2021 | NIL | NIL | NIL | NIL | NIL | NIL |
| 3 | 2021-2022 | NIL | NIL | NIL | NIL | NIL | NIL |
| | Total | NIL | NIL | NIL | NIL | NIL | NIL |

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):** NIL

| **(1)** | **(2)** | **(3)** | **(4)** | **(5)** | **(6)** | **(7)** | **(8)** | **(9)** |
|---|---|---|---|---|---|---|---|---|
| **Sl. No.** | **Project ID.** | **Name of the Project.** | **Financial Year in which the project was commenced.** | **Project duration.** | **Total amount allocated for the project (in Rs.).** | **Amount spent on the project in the reporting Financial Year (in Rs).** | **Cumulative amount spent at the end of reporting Financial Year. (in Rs.)** | **Status of the project - Completed /Ongoing.** |
| 1 | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| | Total | | | | | | | |

**Details relating to the asset created or acquired through CSR spent in the financial year-N.A.**

(a) Date of creation or acquisition of the capital asset(s). – N.A.

(b) Amount of CSR spent for creation or acquisition of capital asset. – N.A.

Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. – N.A.

(c) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). – N.A

**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).** – N.A.

**Place: Hyderabad**
**Date: 07.06.2023**

**For and on Behalf of the Board**
**ZEN3 INFOSOLUTIONS PRIVATE LIMITED**

| | |
|---|---|
| **Vivek Satish Agarwal** | **Narasimham Venkata Rachakonda** |
| **Director** | **Director** |
| **DIN: 05218475** | **DIN: 00339167** |

# INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF "ZEN3 INFOSOLUTIONS PRIVATE LIMITED"**

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the standalone financial statements of "ZEN3 INFOSOLUTIONS PRIVATE LIMITED" ("the Company"), which comprise the Balance Sheet as at 31st March, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report and Shareholder's information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained during the course of our 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.

**Management's Responsibility for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance, including other 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal financial controls 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 in place and the operating effectiveness of such controls.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) 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 standalone 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.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the standalone 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, based on our audit 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 the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

   (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 does not have any pending litigations which would impact its financial position in its standalone 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

      iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      (b) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      (c) The Company has not declared or paid any dividend during the year in accordance with Section 123 of the Companies Act, 2013.

V. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. April 1, 2023, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 reporting under this clause is not applicable.

For K Vijayaraghavan & Associates LLP
Chartered Accountants
Firm Registration No. S200040/004718S

K. Ragunathan
Partner
Membership No. 213723

Place: Hyderabad
Date: 07-06-2023

# ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report to the members of "ZEN3 INFOSOLUTIONS PRIVATE LIMITED" of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(a)

A. The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.

B. The Company has maintained proper records showing full particulars of Intangible assets.

(b) The Company has a program of physical verification of Property, Plant and Equipment and right-of-use assets by which Property, Plant and Equipment and right-of-use assets are verified in a phased manner over a period of 3 years. In accordance with this program, certain Property, Plant and Equipment were verified by the Management during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) The Company does not have any immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.

(d) The Company has not revalued its Property, Plant and Equipment (including right-of-use assets) or intangible assets or both during the year. Accordingly, clause 3(i)(d) of the Order is not applicable.

(e) There are no proceedings which have been initiated during the year or are pending against the Company as at 31st March, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii.

(a) The Company does not have any inventory. Accordingly, clause 3(ii)(a) of the Order is not applicable.

(b) The Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate at any points of time during the year, from banks or financial institutions on the basis of the security of current assets. Accordingly, clause 3(ii)(b) of the Order is not applicable.

iii. The Company has neither made any investments in / provided guarantees or security / granted loans or advances in the nature of loans, secured or unsecured loans to companies, firms, Limited Liability Partnerships, other parties. Accordingly,

(a) The Company has not provided any loans or advances in the nature of loans or stood guarantee, or provided security to Companies, Firms, Limited Liability Partnerships, any other entity during the year. Accordingly, clause 3(iii)(a)(A) and 3(iii)(a)(B) of the Order is not applicable.

(b) The Company has neither made any investments nor has given or provided any securities or guarantees. Accordingly, clause 3(iii)(b) of the Order is not applicable.

(c) The Company has not granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties. Accordingly, clause 3(iii)(c) of the Order is not applicable.

(d) The Company has not granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties. Accordingly, clause 3(iii)(d) of the Order is not applicable.

(e) The Company has not granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties. Accordingly, clause 3(iii)(e) of the Order is not applicable.

(f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Accordingly, clause 3(iii)(f) of the Order is not applicable.

iv. The Company has not given any loans or guarantees/ made any investments within the meaning of section 185 and 186 of the Companies Act, 2013. Accordingly, clause 3(iv) of the Order is not applicable.

v. The Company has not accepted any deposits or amounts which are deemed to be deposits as per the directives issued by the reserve bank of India and sections 73 to 76 of the Companies Act, 2013 and the rules thereunder. Accordingly, clause 3(v) of the Order is not applicable.

vi. The Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Accordingly, clause 3(vi) of the Order is not applicable.

vii. In respect of statutory dues:

(a) The Company is not regular in depositing undisputed statutory dues relating to provident fund. The following are the details of the dues that have been outstanding for a period of more than 6 months from the date they become payable, as on the last day of the financial year:

| **Name of the Statute** | **Nature of Dues** | **Financial Year to which the amount relates** | **Amount Due** |
|---|---|---|---|
| Employees' Provident Fund Act, 1952 | PF Dues | 2022-23 | 15,24,837 |

(b) There are no statutory dues relating to Goods and Service tax, Provident fund, Employees' State Insurance, Income-Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and any other statutory dues which have not been deposited on account of any dispute.

viii. The Company does not have any transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 OF 1961).

ix.

(a) The Company has not taken any loans or other borrowings from any lender. Accordingly, clause 3(ix)(a) of the Order is not applicable.

(b) The Company has not been declared a willful defaulter by any bank or financial institution or lender or government or government authority. Accordingly, clause 3(ix)(b) of the Order is not applicable.

(c) The Company has not taken any term loans during the year and there are no outstanding term loans at the beginning of the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, the Company has no funds raised on short-term basis. Accordingly, clause 3(ix)(d) of the Order is not applicable.

(e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates and joint venture as defined in the Act. Accordingly, clause 3(ix)(e) of the Order is not applicable.

(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, associates and joint ventures. Accordingly, clause 3(ix)(f) of the Order is not applicable

x.

(a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

xi.

(a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and up to the date of this report.

(c) The Company has not received any whistleblower complaints during the year. Accordingly, clause 3(xi)(c) of the order is not applicable.

xii. The Company is not a Nidhi company. Accordingly, clause 3(xii) of the Order is not applicable.

xiii. The Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with related parties, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv. Based on the size and business activity, the Company does not have any requirement for an internal audit system. Accordingly, clause 3(xiv)(a) and clause 3(xiv)(b) of the Order is not applicable.

xv. In our opinion, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi.

(a) In our opinion, The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clauses 3(xvi)(a), 3(xvi)(b) and 3(xvi)(c) of the Order are not applicable.

(b) In our opinion, there is no Core Investment Company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. There are no unspent amounts towards Corporate Social Responsibility (CSR) on any projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) and (6) of Section 135 of the said Act. Accordingly, clause 3(xx)(a) and 3(xx)(b) of the Order is not applicable for the year.

For K Vijayaraghavan & Associates LLP
Chartered Accountants
Firm Registration No. S200040/004718S

K. Ragunathan
Partner
Membership No. 213723

Place: Hyderabad
Date: 07-06-2023

# ANNEXURE B TO THE AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of "ZEN3 INFOSOLUTIONS PRIVATE LIMITED" of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 "ZEN3 INFOSOLUTIONS PRIVATE LIMITED" ("the Company") as of 31st March, 2023 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company 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. 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone 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.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

(a) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(b) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(c) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, 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 and such internal financial controls over financial reporting were operating effectively as at 31st March, 2023, 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 K Vijayaraghavan & Associates LLP
Chartered Accountants
Firm Registration No. S200040/004718S

K. Ragunathan
Partner
Membership No. 213723

Place: Hyderabad
Date: 07-06-2023

# STANDALONE BALANCE SHEET AS AT

(Amount expressed in ₹ (million) unless otherwise stated)

| Particulars | | Notes | 31-Mar-2023 | 31-Mar-2022 |
|---|---|---|---|---|
| | **Assets** | | | |
| | **Non-Current Assets** | | | |
| (a) | Property, Plant and Equipment | 5 | **28.38** | 34.86 |
| (b) | Other Intangible Assets | 6 | **0.03** | 0.90 |
| (c) | Right to Use Asset | 7 | **12.45** | 41.57 |
| (d) | Financial Assets | | | |
| | (i) Other Financial Assets | 9 | **-** | 7.83 |
| (e) | Deferred Tax Assets (Net) | 10 | **8.25** | 13.63 |
| | Total - Non-Current Assets (A) | | **49.11** | 98.79 |
| | **Current Assets** | | | |
| (a) | Financial Assets | | | |
| | (i) Trade receivables | 8 | **160.11** | 182.50 |
| | (ii) Cash and cash equivalents | 11 | **62.19** | 42.29 |
| | (iii) Other Financial Assets | 9 | **9.66** | - |
| (b) | Other Current assets | 12 | **51.97** | 22.91 |
| | **Total Current Assets (B)** | | **283.93** | 247.70 |
| | **Total Assets (A+B)** | | **333.04** | 346.49 |
| | Equity And Liabilities | | | |
| | Equity | | | |
| (a) | Equity Share Captial | 13 | **10.00** | 10.00 |
| (b) | Other Equity | 14 | **247.10** | 222.51 |
| | **Total Equity (C)** | | **257.10** | 232.51 |
| | **Liabilities** | | | |
| | **Non Current Liabilities** | | | |
| (a) | Financial Liabilities | | | |
| | (i) Lease liabilities | 7 | **-** | 15.31 |
| (b) | Provisions | 16 | **14.97** | 27.77 |
| | **Total Non-Current Liabilities (D)** | | **14.97** | 43.07 |
| | **Current Liabilities** | | | |
| (a) | Financial Liabilities | | | |
| | (i) Trade Payables | 15 | | |
| | (A) total outstanding dues of micro enterprises and small enterprises; and | | **-** | - |
| | (B) total outstanding dues of creditors other than micro enterprises and small enterprises | | **16.81** | 16.78 |
| | (ii) Lease Liability | 7 | **13.76** | 27.56 |
| (b) | Other current liabilities | 17 | **26.29** | 19.14 |
| (c) | Provisions | 16 | **4.11** | 7.42 |
| | **Total Current Liabilities (E)** | | **60.97** | 70.90 |
| | **Total Equity and Liabilities (C+D+E)** | | **333.04** | 346.49 |
| | Summary of Significant Accounting Policies | 1-4 | | |
| | The accompanying notes are an integral part of the standalone financial statements. | 5-43 | | |

As per our Report of even date
For **K Vijayaraghavan & Associates LLP**
Chartered Accountants
Firm Registration No.: 004718S/S200040

For and on behalf of the Board of Directors of
**Zen3 InfoSolutions Private Limited**

**K. Ragunathan**
Partner
Membership No.: 213723
Place: Hyderabad
Date: 07-06-2023

**Narasimham Venkata Rachakonda**
Director
DIN: 00339167
Place: Hyderabad
Date: 07-06-2023

**Vivek Satish Agarwal**
Director
DIN: 05218475
Place: Hyderabad
Date: 07-06-2023

# STANDALONE STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED

(Amount expressed in ₹ (in Millions) unless otherwise stated)

| Particulars | Notes | 31-Mar-2023 | 31-Mar-2022 |
|---|---|---|---|
| **Continuing Operations** | | | |
| Revenue from Operations | 18 | **955.18** | 1,176.14 |
| Other Income | 19 | **12.78** | 4.11 |
| **Total Income [I]** | | **967.96** | 1,180.25 |
| **Expenses** | | | |
| Employee Benefit Expenses | 20 | **724.96** | 949.92 |
| Finance Costs | 21 | **3.68** | 2.65 |
| Depreciation and Amortization Expense | 22 | **34.64** | 47.59 |
| Other Expenses | 23 | **170.89** | 102.10 |
| **Total Expenses [II]** | | **934.17** | 1,102.26 |
| **Profit/(Loss) before exceptional items and tax from Continuing operations [I-II]** | | **33.79** | 78.00 |
| Exceptional Items | | | |
| **Profit/(Loss) before tax from Continuing operations** | | **33.79** | 78.00 |
| **Tax Expenses** | | | |
| Current tax | 24 | **6.89** | 36.34 |
| Prior Year Taxes | | **1.54** | 1.12 |
| Deferred Tax | 24 | **4.22** | (4.68) |
| **Total Tax Expenses** | | **12.65** | 32.78 |
| **Profit/(Loss) for the year from Continuing Operations [III]** | | **21.14** | 45.22 |
| **Discontinued operations** | | | |
| **Profit/(Loss) before tax from Discontinued Operations** | | **-** | - |
| **Tax Expense from Discountinued Operations** | | **-** | - |
| **Profit/(Loss) for the year from Discontinued Operations[IV]** | | **-** | - |
| **Profit/(Loss) for the year [V=III+IV]** | | **21.14** | 45.22 |
| **Other Comprehensive Income** | | | |
| A. (i) Items that will not be reclassified to profit or loss | 25 | **4.61** | 14.83 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | **(1.16)** | - |
| B. (i) Items that will be reclassified to profit or loss | 25 | **-** | 0.24 |
| (ii) Income tax relating to items that will be reclassified to profit or loss | | **-** | 3.73 |
| **Other Comprehensive Income for the year [VI]** | | **3.45** | 10.85 |
| **Total Comprehensive Income for the year [V+VI]** | | **24.59** | 56.08 |
| **Earnings per equity share of face value of ₹ 10 each** | | | |
| Basic | 26 | **₹ 21.14** | ₹ 45.22 |
| Diluted | 26 | **₹ 21.14** | ₹ 45.22 |
| Summary of Significant Accounting Policies | 4 | | |
| The accompanying Notes are an integral part of the Standalone Financial Statements | | | |

As per our Report of even date

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Date: 07-06-2023

**Vivek Satish Agarwal**
Director
DIN: 05218475
Place: Hyderabad
Date: 07-06-2023

# STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED

(Amount expressed in ₹ (in Millions) unless otherwise stated)

| Particulars | 31-Mar-2023 | 31-Mar-2022 |
|---|---|---|
| **Profit/(Loss) before Tax** | **33.79** | 78.00 |
| **Adjustments For:** | | |
| Depreciation & Amortization expenses | **13.40** | 30.77 |
| Interest income | **(0.02)** | (0.04) |
| Finance Cost | **3.67** | 2.65 |
| Fair Value Change on account of leases | **0.00** | (0.25) |
| Gratuity and Leave Encashment | **10.40** | 22.04 |
| Gain/ Loss on disposal of Fixed Assets | **0.35** | - |
| Gain/ Loss on Derecognition of leases | **(0.34)** | - |
| Amortization of ROU Asset | **21.24** | 16.82 |
| **Operating Profit before Working Capital Changes** | **82.49** | 149.99 |
| **Changes in Working Capital:** | | |
| Adjustments for (increase)/decrease in operating assets: | | |
| Trade Receivables | **22.39** | (19.71) |
| Other current assets | **(29.03)** | (2.94) |
| Other Financial Assets (Current) | **(9.66)** | 4.77 |
| Adjustments for increase/(decrease) in operating liabilities: | | |
| Trade Payables | **0.03** | 7.07 |
| Other current liabilities | **(7.14)** | (1.73) |
| Provisions | **16.11** | - |
| **Cash Generated from Operations** | **75.18** | 137.46 |
| Benefits Paid | **(7.47)** | (7.64) |
| Taxes Paid (Net) | **(24.74)** | (63.23) |
| **Net Cash from/(used in) Operating Activities** | **42.97** | 66.59 |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Addition to Right of use of Asset | **(0.28)** | (50.73) |
| Interest Income | **0.02** | 0.04 |
| Deletions to Right of use of Asset | **8.16** | |
| Purchase of Fixed Assets | **(6.41)** | (33.38) |
| **Net Cash from/(used in) Investing Activities** | **1.50** | (84.07) |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Finance Cost | **0.00** | (2.65) |
| Additional lease liabilities | **0.00** | 34.09 |
| Lease payments | **(24.56)** | 0.00 |
| **Net Cash from/(used in) Financing Activities** | **(24.56)** | 31.44 |
| Cash and Cash Equivalents at the Beginning of the Year | **42.28** | 28.33 |
| **Net increase/(decrease) in Cash and Cash Equivalents** | **19.90** | 13.95 |
| **Cash and Cash Equivalents at the End of the Year** | **62.19** | 42.28 |

(i) The Statement of Cash Flows has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS) -7 Statement of Cash Flows" prescribed under the Companies Act (Indian Accounting Standard) Rules, 2015 of the Companies Act, 2013.

(ii) Figures in bracket indicate cash outgo, except for adjustments for operating activities.

(iii) Previous year's figures have been regrouped/rearranged wherever necessary.

As per our Report of even date

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DIN: 05218475
Place: Hyderabad
Date: 07-06-2023

# STANDALONE STATEMENT OF CHANGES IN EQUITY

(Amount expressed in ₹ (million) unless otherwise stated)

**A Equity Share Capital**

**1 As at March, 2023**

| Balance at the beginning of the current reporting period | Changes in Equity Share Capital due to prior period errors | Restated balance at the beginning of the current reporting period | Changes in equity share capital during the current year | Balance at the end of the current reporting period |
|---|---|---|---|---|
| 10.00 | - | - | - | 10.00 |

**2 As at March, 2022**

| Balance at the beginning of the current reporting period | Changes in Equity Share Capital due to prior period errors | Restated balance at the beginning of the current reporting period | Changes in equity share capital during the current year | Balance at the end of the current reporting period |
|---|---|---|---|---|
| 10.00 | - | - | - | 10.00 |

**B Other Equity**

**1 Current Reporting Period**

| Particulars | Reserves and Surplus | Items of other comprehensive income | |
|---|---|---|---|
| | Retained Earnings | Other Components (Actuarial gains/ (losses) | Total |
| Balance at the beginning of the current reporting period | 222.51 | - | - |
| Changes in accounting policy or prior period errors | 0.00 | - | - |
| Restated balance at the beginning of the current reporting period | 222.51 | - | - |
| Total Comprehensive Income for the current year | 24.59 | 3.45 | 3.45 |
| Dividends | 0.00 | | - |
| Transfer to retained earnings | 24.59 | 3.45 | 3.45 |
| Any other change (to be specified) | | | - |
| **Balance at the end of the current reporting period** | **247.10** | **3.45** | **3.45** |

**2 Previous Reporting Period**

| Particulars | Reserves and Surplus | Items of other comprehensive income | |
|---|---|---|---|
| | Retained Earnings | Other Components (Actuarial gains/ (losses) | Total |
| Balance at the beginning of the current reporting period | 166.44 | - | - |
| Changes in accounting policy or prior period errors | - | - | - |
| Restated balance at the beginning of the current reporting period | 166.44 | - | - |
| Total Comprehensive Income for the current year | 56.08 | 10.85 | 10.85 |
| Dividends | - | - | - |
| Transfer to retained earnings | 56.08 | 10.85 | 10.85 |
| Any other change (to be specified) | - | - | - |
| **Balance at the end of the current reporting period** | **222.51** | **10.85** | **10.85** |

# NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount expressed in ₹ (in Millions) unless otherwise stated)

**1 Corporate Information**

Zen3 Infosolution Private Limited is a private limited company domiciled in India and is wholly owned subsidiary company of Tech Mahindra Limited, incorporated under the provisions of the Companies Act, 2013 on 28th December, 2015 having registered address at Unit 1201&1202, 12th Floor, Manjeera Trinity Corporate, KPHB, Hyderabad Rangareddi TG 500072 IN. The Company is a leading software solutions group developing innovative solutions for media, travel and technology industries. It has a domain expertise in big data, machine learning and content solutions. The Company services customers in UK, US and India. It has technology professionals working in various worldwide locations delivering innovative digital media and technology solutions.

**2 Statement of Compliance**

These financial statements are prepared and presented in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time as notified under section 133 of Companies Act, 2013, the relevant provisions of the Companies Act, 2013 (“the Act”) as applicable.

**3 Basis of Preparation**

These Standalone financial statements are prepared under the going concern basis and at historical cost convention on accrual basis except for certain financial instruments which are measured at fair values and Defined Benefit Plans which are measured as per actuarial valuation.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Company’s Financial Statements are presented in Indian Rupees (INR), which is also its functional currency and all values are rounded to the nearest millions, except when otherwise indicated.

**4 Significant Accounting Policies**

**(a) Use of estimates and judgments**

“The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods affected.”

**(b) Property, Plant and Equipment**

“Property, plant and equipment are stated at acquisition or construction cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the management. Items such as spare parts, standby equipment and servicing equipment are recognised as PPE when these are held for use in the supply of services, or for administrative purpose, and are expected to be used for more than one year. Capital work-in-progress includes cost of property, plant and equipment under installation/under development as at the reporting date

. The charge in respect of periodic depreciation is derived at after determining an estimate of an asset’s expected useful life as prescribed in Schedule II of Companies Act, 2013 and the residual value is considered to be nil at the end of its life. The Company depreciates property, plant and equipment over their estimated useful lives using the Straight Line method. The estimated useful lives of assets are as follows :

| Particulars | Useful Life as per Schedule II |
|---|---|
| Computer and other equipment | 3 |
| Software | 3 |
| Office Equipment | 5 |
| Furniture and Fixtures | 10 |

Also, useful life of the part of PPE which is significant to the total cost of PPE, has been separately assessed and depreciation has been provided accordingly.

Depreciation methods and useful lives are reviewed periodically, at each financial year end. The useful 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 and are in accordance with Schedule II of Companies Act, 2013.

Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition. Depreciation on deductions/ disposals is provided on a pro-rata basis up to the month preceding the month of deduction/disposal.

**(c) Intangible Assets**

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation/depletion and impairment losses, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the Intangible Assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Revenue expenditure on research is expensed under the respective heads of the account in the period in which it is incurred. PPE procured for research and development activities are capitalised.

Other Indirect Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre-operative expenses and disclosed under Intangible Assets Under Development.

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is as under:

- Computer software is amortised over a period of 3 years.

"The amortisation period and the amortisation method for Intangible Assets with a finite useful life are reviewed at each reporting date.

**(d) Classification of Assets and Liabilities as Current and Non-Current**

All assets and liabilities are classified as current or noncurrent as per the Company's normal operating cycle, and other criteria set out in Schedule III of the Companies Act, 2013. Based on the nature of products and the time lag between the acquisition of assets for processing and their realisation in cash and cash equivalents, 12 month period has been considered by the Company as its normal operating cycle.

**(e) Financial Assets**

All financial assets are recognised initially at fair value. However, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are added to the fair value. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**(f) Impairment**

**(f.1) Impairment of Financial Assets**

All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. In case of financial assets, the Company follows the simplified approach permitted by Ind AS 109 –Financial Instruments – for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk of trade receivable. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

**(f.2) Impairment of Non-Financial Assets - Property, Plant and Equipment and Intangible Assets:**

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets not yet available for use, are tested for impairment annually at each balance sheet date, or earlier, if there is an indication that the asset may be impaired

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of Profit and Loss.

**(g) Non-current Assets Held for Sale**

Non-current assets are classified as held for sale,if any, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and sale is considered highly probable.

A sale is considered as highly probable when decision has been made to sell, assets are available for immediate sale in its present condition, assets are being actively marketed and sale has been agreed or is expected to be concluded within 12 months of the date of classification. Non-current assets held for sale are neither depreciated nor amortised.

Assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less cost of disposal and are presented separately in the Balance Sheet.

**(h) Leases**

The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if

i. the contract conveys the right to control the use of an identified asset.

ii. the Company has substantially all of the economic benefits from the use of the asset through the period of lease and;

iii. the Company has the right to direct the use of the asset.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received

The right-of-use assets is subsequently depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The lease liability is measured at amortised cost using the effective interest method. The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee, or if Company changes its assessment of whether it will exercise a purchase,extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**(i) Government Grants**

Government Grants, if any are recognised when there is a reasonable assurance that the same will be received and all attaching conditions will be complied with. Revenue grants are recognised in the Statement of Profit and Loss. Capital grants relating to specific Tangible or Intangible Assets are recognized as income on a systematic basis over the expected useful life of the related asset. Other capital grants in the nature of promoter's contribution are credited to capital reserve. In case a grant is received for a non-monetary asset, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life.

**(j) Research and Development Expenditure**

Revenue expenditure pertaining to research, if any is charged to the Statement of Profit and Loss as and when incurred.

Development costs are capitalised as an intangible asset if it can be demonstrated that the project is expected to generate future economic benefits, it is probable that those future economic benefits will flow to the entity and the costs of the asset can be measured reliably, else it is charged to the Statement of Profit and Loss.

**(k) Borrowing costs**

Borrowing Costs include interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, directly attributable to the acquisition, construction or production of of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are expensed, in the period they occur, in the Statement of Profit and Loss.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

**(l) Revenue Recognition**

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract

Revenue is recognized to depict the transfer of promised services to customers. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amount collected on behalf of third party.

**Revenue from services:**

**(1) Services provided to holding company:**

The company provides back-end services to its holding company in the form of business support and software development services using. Such services are charged to the company at an applicable mark-up on the operating cost which is the transaction price as defined in MSA.

**(2) Services provided to third parties:**

Revenue from operations comprises of Income earned from DTA Services and Software Development Services. Revenue from software services primarily consists of services performed on a contract basis. The related revenue is recognized upon completion of Milestones described in customer agreements.

**(m) Cash and Cash Equivalents**

Cash and Cash Equivalents comprise cash on hand and cash at banks, including fixed deposit with original maturity period of three months or less and short-term highly liquid investments with an original maturity of three months or less.

**(n) Foreign Currency Transactions**

Foreign currency transactions are recognized at the rates of exchange prevailing on the dates of the transaction. Liabilities and assets in foreign currency are recognized in the accounts as per the following governing principles:

Non-monetary items denominated in a foreign currency and measured at historical cost are not re-transalated. The related revenue and expense are recognized using the same exchange rate.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the rate prevailing at that date

Exchange differences on monetary items are recognised in the Standalone Statement of Profit and Loss in the period in which these arise except for:

a) Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and

b) Exchange differences relating to qualifying effective cash flow hedges.

**(o) Taxes on Income**

The tax expenses for the period comprises of current tax and deferred income tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income. In which case, the tax is also recognised in Other Comprehensive Income

**(i) Current Taxation**

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

**(ii) Deferred Taxation**

Deferred tax is recognised based on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are recognised 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 losses can be utilised. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

**(p) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

**(q) Contingent Assets and Liabilities**

Disclosure of contingent liability is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of amount cannot be made.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

**(r) Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**(s) Short-Term Employee Benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

**(t) Post Employement Benefits**

**(i) Defined Contribution Plans**

The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to a reduction in future payment or a cash refund.

**(ii) Gratuity**

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurements, 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 (if any)(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 OCI in the period in which they occur. Remeasurements are not reclassified to statement of profit and loss in subsequent periods.

Past service costs are recognised in statement of profit and loss on the earlier of:

• The date of the plan amendment or curtailment, and

• The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

• Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

• Net interest expense or income

**(iii) Compensated Absence Policy:**

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or encash the leaves during the period of employment or retirement or at 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 recognises accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognised in the period in which the absences occur.

**(u) Investments**

The Company has accounted for its investments in Subsidiaries, associates and joint venture at cost less impairment loss (if any). The investments in preference shares with the right of surplus assets which are in nature of equity in accordance with Ind AS 32 are treated as separate category of investment and measured at FVTOCI.

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'. However,dividend on such equity investments are recognised in Statement of Profit and loss when the Company's right to receive payment is established.

**(v) Segment Reporting**

Identification of Segments- Operating Segments are identified based on monitoring of operating results by the chief operating decision maker (CODM) separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss, and is measured consistently with profit or loss of the Group.

Operating Segment is identified based on the nature of products and services, the different risks and returns, and the internal business reporting system.

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole. Further, inter-segment revenue has been accounted for based on the transaction price agreed to between segments, which is primarily market based.Unallocated Corporate Items include general corporate income, finance cost & CSR expenses, which are not attributable to segments.

Detailed disclosure in separate sheet

**(w) Changes in Accounting Estimates**

Change in Depreciation Method the Company has changed its method of computing depreciation from Written Down Value (WDV) method to the straight-line method (SLM) for the Company’s Non-Current Assets. The Company determined that the change in depreciation method from WDV to SLM is a change in accounting estimate. A change in accounting estimate is to be applied prospectively. The change is considered preferable as it would bring in uniformity in accounting of depreciation with holding company and the expected benefits of such assets and provide greater consistency with the depreciation methods used by other companies in the Company’s industry.

**Effect of change**

| Particulars | **WDV** | **SLM** | **Gain/(Loss)** |
|---|---|---|---|
| Computer Systems & Accessories | 32.92 | 11.24 | 21.67 |
| Computer Software & Licenses | 0.24 | 0.87 | (0.63) |
| Office Equipment | 0.07 | 0.11 | (0.03) |
| Computer Servers & Networking Accessories | 0.04 | 1.14 | (1.10) |
| **Total** | 33.27 | 13.36 | 19.91 |

| 5 | Property, Plant & Equipment | Computer Systems & Accessories | Servers and Networks | Furniture & Fittings | Mobiles | Office Equipment | Total |
|---|---|---|---|---|---|---|---|
| | **Cost** | | | | | | |
| | **Balance as at 1 April 2022** | 112.00 | 0.92 | 13.73 | - | 1.26 | 127.91 |
| | Additions | 5.91 | - | - | 0.50 | - | 6.41 |
| | Deletions | - | - | - | - | - | |
| | **Balance as at 31 March 2023** | **117.90** | **0.92** | **13.73** | **0.50** | **1.26** | **134.31** |
| | **Depreciation and impairment** | | | | | | |
| | **Balance as at 1 April 2022** | 53.81 | 0.76 | 7.38 | - | 0.96 | 62.91 |
| | Depreciation charge for the year | 28.29 | 0.05 | 1.65 | - | 0.15 | 30.14 |
| | Disposals | - | - | - | - | - | - |
| | **Balance as at 31 March 2022** | 82.10 | 0.81 | 9.03 | | 1.11 | 93.05 |
| | Depreciation charge for the year | 11.24 | 0.03 | 1.14 | 0.02 | 0.11 | 12.54 |
| | Disposals | 0.31 | 0.03 | 0.00 | - | 0.01 | 0.35 |
| | **Balance as at 31 March 2023** | **93.65** | **0.87** | **10.17** | **0.02** | **1.22** | **105.93** |
| | **Net book value** | | | | | | |
| | **At 31 March 2023** | **24.25** | **0.05** | **3.56** | **0.48** | **0.04** | **28.38** |
| | **At 31 March 2022** | 29.90 | 0.11 | 4.71 | - | 0.15 | 34.86 |

| 6 | Other Intangible Assets | Software & License | Total |
|---|---|---|---|
| | **Cost** | | |
| | **Balance as at 1 April 2022** | 8.56 | 8.56 |
| | Additions | - | - |
| | Deletions | - | - |
| | **Balance as at 31 March 2023** | **8.56** | **8.56** |
| | Additions | - | - |
| | Deletions | - | - |
| | **At 31 March 2022** | 8.56 | 8.56 |
| | **Amortisation and impairement** | - | - |
| | **Balance as at 1 April 2022** | 7.03 | 7.03 |
| | Amortisation charge for the year | 0.62 | 0.62 |
| | Disposals | - | - |
| | **At 31 March 2022** | 7.66 | 7.66 |
| | Amortisation charge for the year " | 0.87 | 0.87 |
| | Disposals | - | - |
| | **At 31 March 2023** | **8.52** | **8.52** |
| | **Net book value** | - | - |
| | **At 31 March 2023** | **0.03** | **0.03** |
| | **At 31 March 2022** | 0.90 | 0.90 |

**(a) Disclosure of revaluation of Assets:**

**i) During the year, the Company has not revalued its Property, Plant and Equipments.**

**(b) Changes in Accounting Estimates**

Change in Depreciation Method the Company has changed its method of computing depreciation from Written Down Value (WDV) method to the straight-line method (SLM) for the Company's Non-Current Assets. The Company determined that the change in depreciation method from WDV to SLM is a change in accounting estimate. A change in accounting estimate is to be applied prospectively. The change is considered preferable as it would bring in uniformity in accounting of depreciation with holding company and the expected benefits from such assets and provide greater consistency with the depreciation methods used by other companies in the Company's industry.

**Effect of change**

| **Particulars** | **WDV** | **SLM** | **Gain/(Loss)** |
|---|---|---|---|
| Computer Systems & Accessories | 32.92 | 11.24 | 21.67 |
| Computer Software & Licenses | 0.24 | 0.87 | (0.63) |
| Office Equipment | 0.07 | 0.11 | (0.03) |
| Computer Servers & Networking Accessories | 0.04 | 1.14 | (1.10) |
| **Total** | **33.27** | **13.36** | **19.91** |

| **8 Trade Receivables** | **31-Mar-23** | | 31-Mar-22 | |
|---|---|---|---|---|
| | **Non-current** | **Current** | Non-current | Current |
| Unsecured | | | | |
| — From Related Parties | **-** | **122.29** | - | 131.15 |
| — From Others | **-** | **37.82** | - | 51.35 |
| Total Trade Receivables | **-** | **160.11** | - | 182.50 |

**Note 8.1**

| **Particulars** | **Outstanding for following periods from due date of payment** | | | | | |
|---|---|---|---|---|---|---|
| | **Less than 6 months** | **6 months - 1 year** | **1 year - 2 years** | **2 years- 3 years** | **More than 3 years** | **Total** |
| **As at 31 March 2023:** | | | | | | |
| **(i) Undisputed Considered good** | **159.18** | **-** | **0.93** | **-** | **-** | **160.11** |
| **Total** | **159.18** | **-** | **0.93** | **-** | **-** | **160.11** |

| **9 Other Financial Asset** | **31-Mar-2023** | | 31-Mar-2022 | |
|---|---|---|---|---|
| Particulars | **Non-current** | **Current** | Non-current | Current |
| Rental and Other deposits | **-** | **9.66** | 7.83 | - |
| **Total** | **-** | **9.66** | 7.83 | - |

| **10 Defered Tax Asset** | **31-Mar-2023** | 31-Mar-2022 |
|---|---|---|
| **(a) Deferred Tax Asset** | | |
| **On account of** | | |
| Depreciation | **1.95** | 4.78 |
| Provision for Employee Benefits | **5.96** | 8.85 |
| Leases | **0.33** | - |
| **Total** | **8.24** | 13.63 |

**Note 10.1 : Movement in Deferred Tax Assets**

| Particulars | Charge/(Credit) to Statement of P&L | | Charge/(Credit) to OCI | |
|---|---|---|---|---|
| | **31-Mar-2023** | 31-Mar-2022 | **31-Mar-2023** | 31-Mar-2022 |
| Deferred Tax Asset – | | | | |
| Depreciation | **1.95** | 4.78 | **-** | - |
| Provision for Employee Benefits | **5.96** | 8.86 | **(1.16)** | (3.73) |
| Leases | **0.33** | - | **-** | - |
| Others | **-** | - | **-** | - |
| **Total** | **8.24** | 13.64 | **(1.16)** | (3.73) |

| 11 | **Cash and Bank Balances** | **31-Mar-2023** | 31-Mar-2022 |
|---|---|---|---|
| | Balances with banks | | |
| | Balances in Banks(Current - INR) | **60.63** | 40.73 |
| | Bank Deposits(Maturity more than 12 months) | **1.56** | 1.56 |
| | Cash in Hand | **0.00** | 0.00 |
| | **Total** | **62.19** | 42.29 |

| 12 | **Other Current Assets** | **31-Mar-2023** | 31-Mar-2022 |
|---|---|---|---|
| | Capital Advances | | |
| | Advances other than capital advances | | |
| | — Loans and advances to employees | **2.92** | 2.20 |
| | — Other Advances | **0.12** | 0.00 |
| | Prepaid expenses | **8.54** | 6.00 |
| | Rental Advance | **0.00** | 3.68 |
| | Balance with Govt authorities | **1.37** | 1.37 |
| | Income Tax Refundable | **38.86** | 9.53 |
| | Accrued Interest | **0.16** | 0.13 |
| | **Total** | **51.97** | 22.91 |

| 13 | **Share Capital** | **31-Mar-2023** | 31-Mar-2022 |
|---|---|---|---|
| | Authorized: | | |
| | 10,00,000 Equity Shares of Rs.10/- each | **10.00** | 10.00 |
| | Issued and Subscribed and Paid Up : | | |
| | 10,00,000 Equity Shares of Rs.10/- each, fully paid up | **10.00** | 10.00 |
| | Issued and Subscribed but not fully paid up : | | |
| | Equity Shares of Rs.10/- each, not fully paid up | **-** | - |
| | **Total** | **10.00** | 10.00 |

**Note 13.1: Reconciliation of number of Ordinary (Equity) Shares and amount outstanding :**

| Particulars | 31-Mar-2023 | | 31-Mar-2022 | |
|---|---|---|---|---|
| | **No. of Shares** | **Amount** | No. of Shares | Amount |
| **Balance as at the beginning of the year** | **10,00,000** | **10.00** | 10,00,000 | 10.00 |
| Add : Issued during the year for cash | **-** | **-** | - | - |
| **Balance as at the end of the year** | 10,00,000 | 10.00 | 10,00,000 | 10.00 |

**Note 13.2: Rights, preferences and restrictions attached to equity shares**

The Company has one class of equity shares having a par value of 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. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**Note 13.3: Details of Equity Shares held by shareholders including the holding company:**

| Name of the Shareholder | 31-Mar-2023 | | 31-Mar-2022 | |
|---|---|---|---|---|
| | No. of Shares | % Shareholding | No. of Shares | % Shareholding |
| Shares held by holding or ultimate holding company: | | | | |
| Tech Mahindra Limited - Holding Company | **9,99,999** | **99.99%** | 9,99,999 | 99.99% |

**Note 13.4:Details of Equity Shares held by shareholders holding more than 5% of aggregate shares in the Company:**

| Name of the Shareholder | 31-Mar-2023 | | 31-Mar-2022 | |
|---|---|---|---|---|
| | No. of Shares | % Shareholding | No. of Shares | % Shareholding |
| Equity Shares | | | | |
| Tech Mahindra Limited( Zen3 Infosolutions Inc as on 31 Mar 2023) | **9,99,999** | **99.99%** | 9,99,999 | 99.99% |

**Note 13.5: Shares held by promoters at the end of the year**

| S. No | Promoter name | No. of Shares | % of total shares | % Change during the year |
|---|---|---|---|---|
| 1 | Vivek Satish Agarwal | 1 | 0.01% | - |
| 2 | Tech Mahindra Limited | 9,99,999 | 99.99% | - |
| | **Total** | **10,00,000** | **100%** | **-** |

**Note 13.6: Other Notes**

(i) The company has not issued any shares without payment being in cash.

(ii) There has been no issue of bonus shares or right shares.

(iii) The company has not undertaken any buy-back of shares.

(iv) The company has not reserved any shares for issue under options.

(v) The company has not entered into any contract or commitment for the sale of shares or disinvestment.

| 14 **Other Equity** | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| Retained Earnings | | |
| Opening Balance | **222.51** | 166.44 |
| Net Profit /(Loss) for the year as per the Statement of Profit and Loss | **21.14** | 45.22 |
| Other Comprehensive Income(net of tax) | **3.45** | |
| Other Comprehensive Income-Reclassifiable | **-** | 10.85 |
| **Total** | **247.10** | 222.51 |

**Note 14.1: Retained Earnings represents surplus i.e balance of the relevant column in the Statement of Changes in Equity**

| 15 | Trade Payables | 31-Mar-23 | 31-Mar-22 |
|---|---|---|---|
| | **Non Current :** | | |
| | (a) Total outstanding dues of micro enterprises and small enterprises | - | - |
| | (b) otal outstanding dues of creditors other than micro enterprises and small enterprises | - | 0.07 |
| | **Sub-Total** | **0.00** | 0.07 |
| | **Current :** | | |
| | (a) Total outstanding dues of micro enterprises and small enterprises | - | 12.45 |
| | (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | **16.81** | 4.26 |
| | Sub-Total | **16.81** | 16.71 |
| | **Total** | **16.81** | 16.78 |

**Note 15.1**

| Particulars | Outstanding for following periods from due date of payment | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2 years- 3 years | More than 3 years | Total |
| **As at 31st March 2023** | | | | | |
| **(i) MSME** | - | - | - | - | - |
| **(ii) Others** | **16.81** | - | - | - | **16.81** |
| **(iii) Disputed dues - MSME** | - | - | - | - | - |
| **(iv) Disputed dues - others** | - | - | - | - | - |
| **Total** | **16.81** | - | - | - | **16.81** |

**Note 15.2: Disclosures relating to Micro, Small and Medium enterprises.**

There are no Micro, Small and Medium enterprises, as defined in the Micro, Small and Medium enterprises Development Act, 2006 to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made.

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

| 16 | Provisions | 31-Mar-23 | | 31-Mar-22 | |
|---|---|---|---|---|---|
| | Particulars | Non- current | Current | Non- current | Current |
| | (a) Provision for employee benefits | | | | |
| | Provision for Gratuity | **9.59** | **1.88** | 18.03 | 3.61 |
| | Provision for Leave Encashment | **5.38** | **2.23** | 9.74 | 3.81 |
| | **Total** | **14.97** | **4.11** | 27.77 | 7.42 |

| 17 | Other Liabilities | 31-Mar-23 | | 31-Mar-22 | |
|---|---|---|---|---|---|
| | Particulars | Non - current | Current | Non - current | Current |
| | Salaries Payable | | **2.64** | | 0.65 |
| | Statutory Dues Payable | - | **14.08** | - | 13.97 |
| | Staff Allowance | - | **9.56** | - | 4.52 |
| | **Total** | - | **26.29** | - | 19.14 |

| 18 | **Revenue From Operations** | **31-Mar-2023** | 31-Mar-2022 |
|---|---|---|---|
| | Revenue from Sale of Services | | |
| | Income From DTA Services | **207.06** | 481.75 |
| | Income From Software Development Services | **613.12** | 758.67 |
| | Provision for Sales | **135.00** | 64.28 |
| | **Total** | **955.18** | 1,176.14 |

| **Note 18.1: Disaggregated revenue information** | **31-Mar-2023** | 31-Mar-2022 |
|---|---|---|
| Revenue from contracts with customers disaggregated based on geography | | |
| a. Domestic | **342.06** | 546.02 |
| b. Exports | **613.12** | 758.67 |
| **Total** | **955.18** | 1,304.69 |

| 19 | **Other Income** | **31-Mar-2023** | 31-Mar-2022 |
|---|---|---|---|
| | Interest on Fixed Deposit | 0.02 | 0.04 |
| | Foreign Exchange Gain/(Loss) | 9.94 | 3.94 |
| | Balances written back | 2.48 | - |
| | Gain on derecognition of lease liability | 0.34 | 0.13 |
| | **Total** | **12.78** | **4.11** |

| 20 | **Employee Benefit Expenses** | **31-Mar-2023** | 31-Mar-2022 |
|---|---|---|---|
| | Salaries and Wages | 674.12 | 868.36 |
| | Contribution to ESI and PF | 33.19 | 45.53 |
| | Staff welfare expenses | 2.60 | 10.11 |
| | Gratuity and Leave Encashment | 10.40 | 22.04 |
| | Insurance | 4.64 | 3.87 |
| | Professional Tax | 0.01 | 0.01 |
| | **Total** | **724.96** | 949.92 |

| 21 | **Finance Costs** | **31-Mar-2023** | 31-Mar-2022 |
|---|---|---|---|
| | Finance Cost - Leases | **3.68** | 2.65 |
| | **Total** | **3.68** | 2.65 |

| 22 | **Depreciation & Amortisation Expenses** | **31-Mar-2023** | 31-Mar-2022 |
|---|---|---|---|
| | Depreciation on plant, property and equipment | **12.53** | 30.15 |
| | Amortisation on Intangible assets | **0.87** | 0.62 |
| | Amortisation on Right to use Assets | **21.24** | 16.82 |
| | **Total** | **34.64** | 47.59 |

| 23 | Other Expenses | 31-Mar-2023 | 31-Mar-2022 |
|---|---|---|---|
| | Auditor's Remuneration (refer Note 23.1) | 0.60 | 0.59 |
| | Rates & Taxes (Penalty) | 6.65 | 0.37 |
| | Travelling & Accomodation | 0.48 | 1.09 |
| | Rent | - | 7.75 |
| | Bank Charges | 0.05 | 0.02 |
| | Recruitment Expenses | 6.72 | 5.84 |
| | Cloud Storage Expenses | 6.05 | 10.25 |
| | Consultancy Charges | 15.13 | 27.11 |
| | Discount Allowed | 6.03 | 5.42 |
| | CSR expenditure | 1.58 | 1.25 |
| | Electricity Charges | 3.25 | 3.40 |
| | Internet & Telephone charges | 4.82 | 6.36 |
| | Insurance | 0.00 | 0.00 |
| | Memberships | 11.96 | 5.34 |
| | Administrative Expense | 1.15 | 3.68 |
| | Professional Charges | 10.76 | 12.48 |
| | Repairs and Maintenance | 7.12 | 7.93 |
| | Crowd project | 84.23 | 0.00 |
| | Security Charges | 1.23 | 2.12 |
| | Balances written off | 3.08 | - |
| | Miscellaneous Expenses | - | 1.11 |
| | **Total** | **170.89** | 102.10 |

| Note 23.1: Details of Payment to Auditors for (including taxes): | 31-Mar-2023 | 31-Mar-2022 |
|---|---|---|
| **As Auditor:** | | |
| — Audit Fee | 0.50 | 0.45 |
| — Tax Audit | 0.10 | 0.05 |
| **In other capacity:** | | |
| — Taxation matters | - | 0.09 |

| 24 | Tax Expenses | 31-Mar-2023 | 31-Mar-2022 |
|---|---|---|---|
| | Current Income Tax | | |
| | Current Tax | 6.89 | 36.34 |
| | Prior Year Taxes | 1.54 | 1.12 |
| | Deferred Tax | 5.38 | (4.68) |
| | **Total** | **13.81** | 32.78 |

| 25 | Other Comprehensive Income | 31-Mar-2023 | 31-Mar-2022 |
|---|---|---|---|
| | Items that will not be reclassified to profit or loss | | |
| | (i) Remeasurement of the defined benefit plans | 4.61 | 14.83 |
| | **Total** | **4.61** | 14.83 |

| 26 | **Earnings per Share** | **31-Mar-2023** | 31-Mar-2022 |
|---|---|---|---|
| (a) | Profit for the year (₹) | **21.14** | 45.22 |
| (b) | Weighted average number of Equity Shares outstanding | **10,00,000** | 10,00,000 |
| (c) | Effect of potential equity shares on Fully Compulsorily Convertible Preference Shares outstanding | **-** | - |
| (d) | Weighted average number of Equity Shares in computing diluted earnings per share [(b) + (c)] | **10,00,000** | 10,00,000 |
| (e) | Earnings per share on profit for the year (Face value ₹ 10 per share) | | |
| | - Basic [(a)/(b)] | **₹ 21.14** | ₹ 45.22 |
| | - Diluted [(a)/(d)] | **₹ 21.14** | ₹ 45.22 |

**27 Related party disclosure**

**A) Names of related parties and description of relationship:**

| **Nature of Relationship** | **Name** |
|---|---|
| **Holding Company** | Tech Mahindra Limited |
| **Director** | Narasimham Venkata Rachakonda |
| | Vivek Satish Agarwal |
| **Common Director - Narasimham Venkata Rachakonda** | Tech Mahindra Cerium Private Limited |
| | Zen3 Infosolutions Private Limited |
| | Satyam Venture Engineering Services Private Limited |
| | Allyis India Private Limited |
| **Common Director - Vivek Satish Agarwal** | Tech Mahindra Fintech Holdings Limited |
| | Comviva Technologies Limited |
| | Sofgen Holdings Limited |
| | Target Group Limited |
| | NTH Dimension Ltd |
| | Elderbridge Limited |
| | Target Servicing Limited |
| | Harlosh Limited |
| | The Bio Agency Ltd |
| | Born Commerce Private Limited |
| | Tech Mahindra Cerium Private Limited |
| | Zen3 Infosolutions Private Limited |
| | Target Financial Systems Limited |
| **Jointly Controlled Entities** | Zen3 Infosolutions Inc. |

**B) Transactions with related parties during the year:**

**a) Holding - Tech Mahindra Limited**

| Particulars | **31-Mar-2023** | 31-Mar-2022 |
|---|---|---|
| Services Rendered (Tech Mahindra Limited) | **122.29** | 205.06 |

**b) Jointly Controlled Entity - Zen3 Infosolutions Inc.**

| Particulars | **31-Mar-2023** | 31-Mar-2022 |
|---|---|---|
| Sale of Services | **613.12** | 758.67 |

**C) Balances outstanding at the end of the year**

| Particulars | **31-Mar-2023** | 31-Mar-2022 |
|---|---|---|
| Trade Receivable | | |
| Tech Mahindra Limited | **119.67** | 131.15 |
| **Long term Loans and Advances :** | | |
| Tech Mahindra - Vizag Rental Advance | **1.45** | 1.45 |

**28 Corporate Social Responsibility**

| Particulars | FY 19-20 | FY 20-21 | FY 21-22 |
|---|---|---|---|
| Profit before Tax | 69.54 | 89.39 | 78.00 |
| **Total** | | | 236.93 |
| Average | | | 78.98 |
| **Prescribed CSR Expenditure for FY 22-23** | | | **1.58** |

| | |
|---|---|
| (i) Amount required to be spent by the company during the year | 1.58 |
| (ii) Amount of expenditure incurred | 1.58 |
| (iii) Shortfall at the end of the year | - |
| (iv) Total of previous years shortfall | - |
| (v) Reason for shortfall | NA |
| (vi) Nature of CSR activities | CSR Focus Area for the company is primarily promotion of Education. Within this broad theme specific areas such as school education, education for employment, and technical education are included. Persons with disability and Women's empowerment are cross cutting themes in these focused areas. |
| (vii)Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Indian Accounting Standard | Amount for CSR expenditure is transferred to Tech Mahindra i.e. their holding company, which is in turn transferred to Tech Mahindra Foundation |
| (viii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately | NA |

**29 Details of Crypto Currency or Virtual Currency**

The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

| **30 Disclosure of Foreign Currency Transactions** | **31-Mar-2023** | 31-Mar-2022 |
|---|---|---|
| **Earnings in Foreign Exchange** | | |
| Sale of Services | **613.12** | 758.67 |
| | **613.12** | 758.67 |
| **Expenditure in foreign currency** | | |
| Purchases | **-** | - |

**32 Contingent liabilities & Commitments:**

The Company does not have any Contingent Liabilities & Commitments.

**33 Details of Benami Property held**

The Company does not have any Benami property, there are no proceeding has been initiated or pending against the Company for holding any Benami property.

**34 Disclosure of quarterly returns filed with the banks:**

The company does not have any borrowings from banks on the basis of security of current assets.Accordingly company is not required to file quaterly returns with bank.

**35 Wilful Defaulter**

The Company has not been declared as wilful defaulter by any bank or financial institutions or other lenders.

**36 Relation with the stuck off companies**

Based on the information available with the Company, the Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

**37 Registration of charges or satisfaction with the ROC**

The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies ('ROC') beyond the statutory period.

**38 Details in respect of utilisation of borrowed funds and share premium shall be provided in respect of:**

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

**39 Compliance with approved scheme of arrangements**

The Company has not entered into any scheme of arrangements.

**40 Undisclosed Income**

The Company does not have any transaction not recorded in the books of accounts- surrendered or disclosed as income during the year in tax assessments.

**41 Leases**

Lease payments recognised as expenditure and put through the Profit and Loss Account for the period ended 31-03-2022 was INR 2,45,58,718

**The total of future minimum lease payments under operating lease for the following period is:**

| Particulars | **31-03-2023** | 31-03-2022 |
|---|---|---|
| Not later than one year | **14.47** | 27.55 |
| Later than one year and not later than five years | | 20.34 |
| Later than five years | | - |
| **Total** | **14.47** | 47.89 |

**Clause 18 (a, b, c, e and f)**

**Particulars of Depreciation Allowable as per the Income-tax Act, 1961 for the year ended March 31, 2023**

| Description of asset / block of asset | Rate of Depreciation | Opening written down value | Additions during the year | | | Sold during the year | Actual cost / written down value | Depreciation during the year | | | | | Closing written down value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 180 Days and above | Less than 180 days | Total additions during the year | | | Rate | On Opening Written DownValue less Sold during the year | On Additions 180 days and above | On Additions less than 180 days | Total depreciation | |
| | (a) | (a) | (b) | (c) | (d) | (e) | (a)+(d)-(e) | (f) | [(a)-(e)]* (f) | (b) * (f) | (c)* (f)/2 | | |
| Computer Systems & Accessories | 40% | 3,46,90,658 | - | - | - | - | 3,46,90,658 | 40% | 1,38,76,263 | - | - | 1,38,76,263 | 2,08,14,395 |
| Computers & Accessories( servers & networks) | 40% | 3,93,920 | 50,28,565 | 8,78,985 | 59,07,550 | - | 63,01,470 | 40% | 1,57,568 | 20,11,426 | 1,75,797 | 23,44,791 | 39,56,679 |
| Mobiles | 15% | - | - | 4,96,191 | 4,96,191 | - | 4,96,191 | 15% | - | - | 37,214 | 37,214 | 4,58,977 |
| Furniture & Fittings | 10% | 1,01,30,828 | - | - | - | - | 1,01,30,828 | 10% | 10,13,083 | - | - | 10,13,083 | 91,17,746 |
| Office Equipment | 15% | 7,93,115 | - | - | - | - | 7,93,115 | 15% | 1,18,967 | - | - | 1,18,967 | 6,74,147 |
| Computer Software & Licenses | 40% | 19,28,050 | - | - | - | - | 19,28,050 | 40% | 7,71,220 | - | - | 7,71,220 | 11,56,830 |
| | | **4,79,36,571** | **50,28,565** | **13,75,176** | **64,03,741** | **-** | **5,43,40,312** | | **1,59,37,101** | **20,11,426** | **2,13,011** | **1,81,61,539** | **3,61,78,774** |

# COM TEC CO IT LTD

## BOARD OF DIRECTORS AND OTHER OFFICERS

**Board of Directors:**
Mr. Avraham Shaked
Mr. Vivek Satish Agarwal
Mr. Manish Choudhary
Mr. Tals Tuvovs

**Company Secretary:**
Top Secretarial Limited

**Registration number:**
HE286962

**Independent Auditors:**
K. Treppides & Co Limited
Certified Public Accountants and Registered Auditors
Treppides Tower
9, Kafkasou Street, Aglantzia
2112, Nicosia, Cyprus

**Registered and Business office:**
73, Metochiou Street
2407, Nicosia, Cyprus

**Bankers:**
Bank of Cyprus Public Company Ltd
Eurobank Cyprus Limited
Barclays Bank PLC
Revolut Bank UAB
UBS Switzerland AG

The Board of Directors presents its report and audited consolidated financial statements of Com Tec Co IT Ltd and its subsidiaries (together with the Company, the ''Group'') for the year ended 31 December 2022.

**Principal activities and nature of operations of the Group**

The Group is primarily engaged in the provision of Information Technology, Software, Digital platforms and applications, and Digital transformation based solutions, products, and services, including Consulting, Engineering, Architecture and Design, Research and Development, Deployment, Support and Maintenance, Big Data, Artificial Intelligence, and Machine learning, Cyber security and more, to customers located around the worldwide, primarily in Europe, with primary expertise in financial oriented industries, mainly: Insurance and Reinsurance, Digital Insurance Brokering, Banking & Financial institutions and Electronic Payments.

**Review of current position, future developments and performance of the Group's business**

The Group's development to date, financial results and position as presented in the consolidated financial statements are considered satisfactory.

The Board of Directors does not expect in the foreseeable future, any significant negative changes or developments in the operations, financial position and performance of the Group out of the ordinary course of its business.

**Principal risks and uncertainties**

The principal risks and uncertainties faced by the Group are disclosed in notes 5, 6 and 28 of the consolidated financial statements.

**Existence of branches**

The Group did not operate through any branches during the year under review.

**Use of financial instruments by the Group**

The Group is exposed to market price risk, credit risk, liquidity risk and currency risk from the financial instruments it holds as oultined in note 5 of the financial statements.

**Results and Dividends**

The Group's results for the year are set out below. The Board of Directors, following consideration of the availability of profits for distribution as well as the liquidity position of the Group, approved the payment of a dividend as detailed below and the remaining net profit for the year is retained.

**Dividends**

During 2022, the Board of Directors approved the payment of an interim dividend of EURO8.221.994 (2021: EURO16.000.000).

**Share capital**

There were no changes in the share capital of the Company during the year under review.

**Board of Directors**

The members of the Group's Board of Directors as at 31 December 2022 and at the date of this report are presented on previous page.

On 17 January 2022, Mr. Tals Tuvovs resigned from his position as Director of the Company and Mr. Vivek Satish Agarwal and Mr. Manish Choudhary were appointed in his place on the same date.

There were no significant changes in the assignment of responsibilities of the Board of Directors.

**Operating Environment of the Group**

Any significant events that relate to the operating environment of the Group are described in note 28 to the consolidated financial statements.

**Events after the reporting period**

Any significant events that occurred after the end of the reporting period are described in note 32 to the consolidated financial statements.

**Independent Auditors**

The Independent Auditors, K. Treppides & Co Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

**By order of the Board of Directors,**

**Avraham Shaked**

Director

**Nicosia, Cyprus,**

13 April 2023

# INDEPENDENT AUDITOR'S REPORT

**To the Members of Com Tec Co IT Ltd**

**Report on the Audit of the Consolidated Financial Statements**

### Opinion

We have audited the consolidated financial statements of Com Tec Co IT Ltd (the ''Company'') and its subsidiaries (the ''Group''), which are presented in pages 7 to 36 and comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the ''Auditor's Responsibilities for the Audit of the Consolidated Financial Statements'' section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 ISAs 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' 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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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.

**Report on Other Legal Requirements**

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.

- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.

**Other Matter**

This report, including the opinion, has been prepared for and only for the Group's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Georgios Strati

Certified Public Accountant and Registered Auditor for and on behalf of

**K. Treppides & Co Limited**

**Certified Public Accountants and Registered Auditors**

**Nicosia, Cyprus,**

13 April 2023

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

**Year ended 31 December 2022**

| | Note | **2022** | 2021 |
|---|---|---|---|
| | | **EURO** | EURO (as restated) |
| Revenue from IT services | | **84.161.631** | 78.630.648 |
| Cost of IT services | 8 | **(59.793.831)** | (51.400.993) |
| **Gross profit** | | **24.367.800** | 27.229.655 |
| Fair value losses on financial assets at fair value through profit or loss | | - | (29.631) |
| Other operating income | | **462.373** | 78.594 |
| Selling and marketing expenses | 9 | **(322.524)** | (122.989) |
| Management and administration expenses | 10 | **(7.734.890)** | (5.902.515) |
| Other expenses | 11 | **(1.814.164)** | (29.944) |
| **Operating profit** | | **14.958.595** | 21.223.170 |
| Net finance income/(cost) | 13 | **783.714** | (261.705) |
| Dividend from liquidity product | | **853** | 7.986 |
| **Profit before tax** | | **15.743.162** | 20.969.451 |
| Tax | 14 | **(1.439.524)** | (2.528.977) |
| **Net profit for the year** | | **14.303.638** | 18.440.474 |
| **Other comprehensive income** | | | |
| Exchange difference arising on the translation and consolidation of foreign companies' financial statements | | **(78.146)** | 108.992 |
| **Other comprehensive income for the year** | | **(78.146)** | 108.992 |
| **Total comprehensive income for the year** | | **14.225.492** | 18.549.466 |
| **Net profit for the year attributable to:** | | | |
| Equity holders of the parent | | **14.303.638** | 18.440.474 |
| **Total comprehensive income for the year** | | **14.303.638** | 18.440.474 |
| **Total comprehensive income for the year attributable to:** | | | |
| Equity holders of the parent | | **14.225.492** | 18.549.466 |
| **Total comprehensive income for the year** | | **14.225.492** | 18.549.466 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**31 December 2022**

| | Note | 2022 | 2021 |
|---|---|---|---|
| | | **EURO** | EURO (as restated) |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Equipment | 16 | **1.061.206** | 1.088.492 |
| Right-of-use assets | 17 | **5.345.997** | 872.079 |
| Intangible assets | 18 | **53.126.134** | 61.777.922 |
| **Total non-current assets** | | **59.533.337** | 63.738.493 |
| **Current assets** | | | |
| Trade and other receivables | 19 | **28.780.426** | 21.785.742 |
| Refundable taxes | 26 | **572.239** | 46.099 |
| Cash and cash equivalents | 21 | **25.049.475** | 18.988.322 |
| **Total current assets** | | **54.402.140** | 40.820.163 |
| **Total assets** | | **113.935.477** | 104.558.656 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity and Reserves** | | | |
| Share capital | 22 | **101.000** | 101.000 |
| Share premium | | **68.999.000** | 68.999.000 |
| Other reserves | | **(18.823)** | 59.326 |
| Retained earnings | | **18.393.117** | 12.311.473 |
| **Total equity** | | **87.474.294** | 81.470.799 |
| **Non-current liabilities** | | | |
| Lease liabilities | 24 | **3.812.069** | 868.159 |
| **Current liabilities** | | | |
| Trade and other payables | 25 | **20.873.648** | 21.942.801 |
| Short term loan | 23 | **7.884** | 1.869 |
| Lease liabilities | 24 | **1.649.642** | 53.471 |
| Current tax liabilities | 26 | **117.940** | 221.557 |
| **Total current liabilities** | | **22.649.114** | 22.219.698 |
| **Total liabilities** | | **26.461.183** | 23.087.857 |
| **Total equity and liabilities** | | **113.935.477** | 104.558.656 |

On 13 April 2023 the Board of Directors of Com Tec Co IT Ltd authorised these consolidated financial statements for issue.

| | | |
|---|---|---|
| **Avraham Shaked** | **Vivek Satish Agarwal** | **Manish Choudhary** |
| Director | Director | Director |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**Year ended 31 December 2022**

| | Note | Share capital | Share premium | Translation reserve | Retained earnings | Total |
|---|---|---|---|---|---|---|
| | | EURO | EURO | EURO | EURO | EURO |
| **At 1 January 2021** | | **101.000** | **77.999.000** | **(49.669)** | **9.870.999** | **87.921.330** |
| **Comprehensive income** | | | | | | |
| Total comprehensive income for the year | | - | - | 108.992 | 18.440.474 | 18.549.466 |
| **Transactions with owners** | | | | | | |
| Dividends | 15 | - | - | - | (16.000.000) | (16.000.000) |
| Reduction of share premium | | - | (9.000.000) | - | - | (9.000.000) |
| **At 31 December 2021/ 1 January 2022** | | **101.000** | **68.999.000** | **59.323** | **12.311.473** | **81.470.796** |
| **Comprehensive income** | | | | | | |
| Total comprehensive income for the year | | - | - | (78.146) | 14.303.638 | 14.303.638 |
| **Transactions with owners** | | | | | | |
| Dividends | 15 | - | - | - | (8.221.994) | (8.221.994) |
| **At 31 December 2022** | | **101.000** | **68.999.000** | **(18.823)** | **18.393.117** | **18.475.294** |

Share premium is not available for distribution.

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Euro) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Gains and losses on hedging instruments that are designated as hedges of net investments in foreign operations are included in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

# CONSOLIDATED STATEMENT OF CASH FLOWS

**Year ended 31 December 2022**

| | Note | EURO | EURO (as restated) |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Profit before tax** | | **15.743.162** | 20.969.451 |
| Adjustments for: | | | |
| Depreciation of equipment | 16 | **669.648** | 622.316 |
| Depreciation of right-of-use assets | 17 | **1.776.140** | 1.254.660 |
| Exchange difference arising on the translation of non-current assets in foreign currencies | | **(500.560)** | (336.656) |
| Exchange difference arising on the translation and consolidation of foreign companies' financial statements | | **(78.146)** | 108.992 |
| Amortisation of computer software | 18 | **8.985.105** | 8.972.855 |
| Fair value losses on financial assets at fair value through profit or loss | | **-** | 29.631 |
| Dividend income from liquidity products | | **(853)** | (7.986) |
| Interest income | 13 | **-** | (986) |
| Interest expense on lease liabilities | 13 | **238.394** | 114.799 |
| Right-of-use assets | | **(176.964)** | (40.233) |
| Amounts assigned | 27 | **-** | (9.571.638) |
| **Cash flows generated from operations before working capital changes** | | **26.655.926** | 22.115.205 |
| **Changes in working capital:** | | | |
| Trade and other receivables | | **(6.994.684)** | 5.990.213 |
| Financial assets at fair value through profit or loss | | **-** | 118.367 |
| Trade and other payables | | **(1.069.153)** | 6.625.662 |
| **Cash generated from operations** | | **18.592.089** | 34.849.447 |
| Tax paid | | **(2.069.281)** | (3.519.007) |
| **Net cash generated from operating activities** | | **16.522.808** | 31.330.440 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Capitalisation of intangible assets | 18 | **(104.661)** | (495.385) |
| Payment for purchase of equipment | 16 | **(370.458)** | (19.456) |
| Proceeds from disposal of property, plant and equipment | | **-** | 1.231 |
| Interest received | 13 | **-** | 986 |
| Dividends received | | **853** | 7.986 |
| **Net cash used in investing activities** | | **(474.266)** | (504.638) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Payments of leases liabilities | | **(1.771.410)** | (1.417.498) |
| Dividends paid | 27 | **(8.221.994)** | (23.951.207) |
| **Net cash used in financing activities** | | **(9.993.404)** | (25.368.705) |
| **Net increase in cash and cash equivalents** | | **6.055.138** | 5.457.097 |
| Cash and cash equivalents at beginning of the year | | **18.986.453** | 13.529.356 |
| **Cash and cash equivalents at end of the year** | 21 | **25.041.591** | 18.986.453 |

## 1. Incorporation and principal activities

### Country of incorporation

Com Tec Co IT Ltd (the ''Company'') was incorporated in Cyprus on 13 May 2011, as an international business company with limited liability under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 73, Metochiou Street, 2407, Nicosia, Cyprus.

### Principal activities

The Group is primarily engaged in the provision of Information Technology, Software, Digital platforms and applications, and Digital transformation based solutions, products, and services, including Consulting, Engineering, Architecture and Design, Research and Development, Deployment, Support and Maintenance, Big Data, Artificial Intelligence, and Machine learning, Cyber security and more, to customers located around the worldwide, primarily in Europe, with primary expertise in financial oriented industries, mainly: Insurance and Reinsurance, Digital Insurance Brokering, Banking & Financial institutions and Electronic Payments.

## 2. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

## 3. Adoption of new or revised standards and interpretations

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2022. This adoption did not have a material effect on the accounting policies of the Group.

## 4. Significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented in these consolidated financial statements unless otherwise stated.

### Basis of consolidation

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting. The Group consolidated financial statements comprise the financial statements of the parent company Com Tec Co IT Ltd and the financial statements of the following subsidiaries, "C.T.CO" SIA, "CTDev" LLC and "CTC IT ES S.L." which are 100% owned by the Company.

All inter company transactions and balances between Group companies have been eliminated during consolidation.

### Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share based payment arrangements of the acquiree or share based payment arrangements of the Group entered into to replace share based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction by transaction basis. Other types of non controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

**Revenue**

**Recognition and measurement**

Revenue represents the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised services to the customer, excluding amounts collected on behalf of third parties (for example, value added taxes); the transaction price. The Group includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Group's experience with similar contracts and forecasted sales to the customer.

The Group recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices ) and are committed to perform their respective obligations, the Group can identify each party's rights and the payment terms for the services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract), it is probable that the Group will collect the consideration to which it will be entitled in exchange for the services that will be transferred to the customer and when specific criteria have been met for each of the Group's contracts with customers.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Group considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the consolidated statement of profit or loss and other comprehensive income in the period in which the circumstances that give rise to the revision become known by Management.

**Identification of performance obligations**

The Group assesses whether contracts that involve the provision of a range of services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand alone selling price. A service that is promised to a customer is distinct if the customer can benefit from the service, either on its own or together with other resources that are readily available to the customer (that is the service is capable of being distinct) and the Group's promise to transfer the service to the customer is separately identifiable from other promises in the contract (that is, the service is distinct within the context of the contract).

- Rendering of services

Revenue from IT related services is recognised over time while the Group satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

**Employee benefits**

The Group and its employees contribute to the Government Social Insurance Fund based on employees' salaries. In addition the Group operates a defined contribution scheme the assets of which are held in a separate trustee administered fund. The scheme is funded by payments from employees and by the Group. The Group's contributions are expensed as incurred and are included in staff costs. The Group has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

**Finance income**

Finance income is recognised on an accrual basis.

**Finance costs**

Interest expense and other borrowing costs are charged to the statement of profit or loss and other comprehensive income as incurred.

**Foreign currency translation**

(1) Functional and presentation currency

Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (EURO), which is the Group's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income. Translation differences on non monetary items such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

**Tax**

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

**Dividends**

Interim dividends are recognised in equity in the year in which they are approved by the Company's Directors. Dividend distribution to the Company's shareholders is recognised in the Group's financial statements in the year in which they are approved by the Company's shareholders.

**Equipment**

Equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

| | **%** |
|---|---|
| Furniture, fixtures and office equipment | 10 |
| Computer Hardware | 20 |
| Motor vehicles | 20 |

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**Computer software**

Costs that are directly associated with identifiable and unique computer software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

**Leases**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- pthe Group has the right to direct the use of the asset. The Group has this right when it has the decision making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

- the Group has the right to operate the asset; or

- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non lease components and account for the lease and non lease components as a single lease component.

**The Group as lessee**

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

**Lease payments included in the measurement of the lease liability comprise the following:**

- fixed payments, including in substance fixed payments;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Group presents its right of use assets that do not meet the definition of investment property separately in the consolidated statement of financial position.

The lease liabilities are presented separately in the consolidated statement of financial position.

Short term leases and leases of low value assets

The Group has elected not to recognise the right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets (i.e. IT equipment, office equipment etc.). The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

**Financial assets**

**Financial assets Classification**

The Group classifies its financial assets at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Group may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, the classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment by investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention (''regular way'' purchases and sales) are recorded at trade date, which is the date when the Group commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

**Financial assets Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

**Debt instruments**

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in ''other income''. Foreign exchange gains and losses are presented in ''other gains/(losses)'' and impairment expenses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within ''other gains/(losses)'' in the period in which it arises.

**Financial assets impairment credit loss allowance for ECL**

The Group assesses on a forward looking basis the ECL for debt instruments (including loans) measured at amortised cost and FVOCI and exposure arising from loan commitments and financial guarantee contracts. The Group measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of profit or loss and other comprehensive income within ''net impairment losses on financial and contract assets. Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments carried at amortised cost are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the consolidated statement of financial position.

The impairment methodology applied by the Group for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

For trade receivables and contract assets, including trade receivables and contract assets with a significant financing component, and lease receivables the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the financial assets.

For all other financial instruments that are subject to impairment under IFRS 9, the Group applies general approach three stage model for impairment. The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter (''12 Months ECL''). If the Group identifies a significant increase in credit risk (''SICR'') since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any (''Lifetime ECL''). Refer to note 5, Credit risk section, for a description of how the Group determines when a SICR has occurred. If the Group determines that a financial asset is credit impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group's definition of credit impaired assets and definition of default is explained in note 5, Credit risk section.

**Cash and cash equivalents**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are included in borrowings in current liabilities. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

**Classification as financial assets at amortised cost**

These amounts generally arise from transactions outside the usual operating activities of the Group. They are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non current assets.

**Classification as trade receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 5, Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 180 days past due.

**Short term credit**

Short term credits are recorded initially at the proceeds received, net of transaction costs incurred. Short term credits are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost.

**Share capital**

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

**Comparatives**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

**5. Financial risk management**

Financial risk factors

The Group is exposed to credit risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

**5.1 Financial instruments by category**

The accounting policies for financial instruments have been applied to the line items below:

| **31 December 2022** | **Financial assets at amortised cost** | **Total** |
|---|---|---|
| | EURO | EURO |
| **Assets as per consolidated statement of financial position:** | | |
| Trade and other receivables (excluding accrued income, deposits and prepayments) | 21.889.460 | 21.889.460 |
| Cash and cash equivalents | 25.049.475 | 25.049.475 |
| **Total** | **46.938.935** | **46.938.935** |

| | **Borrowings and other financial liabilities** | **Total** |
|---|---|---|
| | EURO | EURO |
| **Liabilities as per consolidated statement of financial position:** | | |
| Short term credit | 7.884 | 7.884 |
| Lease liabilities | 5.461.711 | 5.461.711 |
| Trade and other payables (excluding accruals, deferred income and VAT payable) | 17.420.954 | 17.420.954 |
| **Total** | **22.890.549** | **22.890.549** |

| 31 December 2021 | **Financial assets at amortised cost** | **Total** |
|---|---|---|
| | EURO | EURO |
| **Assets as per consolidated statement of financial position:** | | |
| Trade and other receivables (excluding accrued income, deposits and prepayments) | 19.606.309 | 19.606.309 |
| Cash and cash equivalents | 18.988.322 | 18.988.322 |
| **Total** | **38.594.631** | **38.594.631** |

| | **Borrowings and other financial liabilities** | **Total** |
|---|---|---|
| | EURO | EURO |
| **Liabilities as per consolidated statement of financial position:** | | |
| Short term credit | 1.869 | 1.869 |
| Lease liabilities | 921.630 | 921.630 |
| Trade and other payables (excluding accruals, deferred income, social insurances and other taxes) | 19.957.668 | 19.957.668 |
| **Total** | **20.881.167** | **20.881.167** |

**5.2 Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

**(i) Risk management**

Credit risk is managed on a group basis. For banks and financial institutions, the Group has established policies whereby the majority of bank balances are held with independently rated parties with a minimum rating of 'C'.

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.(ii) Impairment of financial assets

**(ii) Impairment of financial assets**

The Group has the following types of financial assets that are subject to the expected credit loss model:

- trade receivables
- receivables from related parties
- other receivables
- cash and cash equivalents

The impairment methodology applied by the Group for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

- For trade receivables the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.
- For all other financial assets that are subject to impairment under IFRS 9, the Group applies general approach three stage model for impairment. The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial asset that is not credit impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter (''12 Months ECL''). If the Group identifies a significant increase in credit risk (''SICR'') since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any (''Lifetime ECL''). If the Group determines that a financial asset is credit impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Impairment losses are presented as net impairment losses on financial and contract assets within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

**Significant increase in credit risk**

The Group considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's/counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements

- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Group and changes in the operating results of the borrower/counterparty.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

**Write off**

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a debt financial asset for write off when a debtor fails to make contractual payments. Where debt financial assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Group's exposure to credit risk for each class of asset subject to the expected credit loss model is set out below:

**Trade receivables**

The trade receivables are repaid in the beginning of 2023, therefore no expected credit loss has been recognised by the Company's management.

**Receivables from related parties**

The Company does not have any material receivables from related parties that are subject to the impairment requirements of IFRS 9.

**Other receivables**

The Company does not have any material other receivables that are subject to the impairment requirements of IFRS9.

**Cash and cash equivalents**

The Group assesses, on a group basis, its exposure to credit risk arising from cash at bank. This assessment takes into account, ratings from external credit rating institutions and internal ratings, if external are not available.

The Company's cash and cash equivalents are held in financial institutions which are members of the Deposit Guarantee and Resolution of Credit and Other Institutions Scheme (DGS) where the depositors' savings up to EURO100.000 are secured.

The majority of the cash and cash equivalents that the Company cooperate are held in banks with high credit ratings. In this respect, no expected credit loss is recognised by the management as the effect is considered insignificant.

**5.2.3 Credit quality of financial assets**

The table below shows an analysis of the Group's bank deposit by the credit rating of the bank in which they are held:

| | | **2022** | 2021 |
|---|---|---|---|
| **Bank group based on credit ratings by Moody's** | **No of banks** | **EURO** | EURO |
| Baa3 | 1 | **6.170.117** | 2.193.693 |
| A3 | 1 | **8.741.280** | 11.064.751 |
| Baa1 | 1 | **8.010.849** | 4.541.594 |
| B1 | 1 | **95.176** | 82.392 |
| Without credit rating | 7 | **2.026.545** | 1.094.287 |
| | | **25.043.967** | 18.976.717 |

The rest of the consolidated statement of financial position item ''Cash and cash equivalents'' is cash in hand.

**5.3 Liquidity risk**

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses.

**5.4 Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar, Swiss Franc, Belarussian Ruble and the Great British Pound. The Group's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

**Fair value estimation**

The fair values of the Group's financial assets and liabilities approximate their carrying amounts at the reporting date.

**6. Critical accounting estimates, judgments and assumptions**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Calculation of loss allowance

When measuring expected credit losses the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

- Income taxes

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Critical judgements in applying the Group's accounting policies

- Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 5, Credit risk section.

- Impairment of non financial assets

The impairment test is performed using the discounted cash flows expected to be generated through the use of non financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- Impairment of intangible assets

Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- Determination of the lease term

In determining the lease term, Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

- Useful live of depreciable assets

The Board of Directors assesses the useful life of depreciable assets at each reporting date, and revises them if necessary so that the useful life represent the expected utility of the assets to the Group. Actual results, however, may vary due to technological obsolescence, mis usage and other factors that are not easily predictable.7. Restated Comparatives

| | **As previously reported** | **Effect** | **As restated** |
|---|---|---|---|
| | **EURO** | **EURO** | **EURO** |
| 31 December 2021 | | | |
| Equipment | 1.088.492 | - | 1.088.492 |
| Right-of-use assets | 51.968 | 820.111 | 872.079 |
| Intangible assets | 61.777.922 | - | 61.777.922 |
| Trade and other receivables | 21.785.742 | - | 21.785.742 |
| Financial assets at fair value through profit or loss | - | - | - |
| Refundable taxes | 46.099 | - | 46.099 |
| Cash and cash equivalents | 18.988.322 | - | 18.988.322 |
| **Total assets** | **103.738.545** | **820.111** | **104.558.656** |
| Lease liabilities | 53.472 | 868.158 | 921.630 |
| Trade and other payables | 21.943.027 | (226) | 21.942.801 |
| Short term credit | 1.869 | - | 1.869 |
| Current tax liabilities | 221.335 | 222 | 221.557 |
| Payable dividends | - | - | - |
| **Total liabilities** | **22.219.703** | **868.154** | **23.087.857** |
| Share capital | 101.000 | - | 101.000 |
| Share premium | 68.999.000 | - | 68.999.000 |
| Other reserves | 59.323 | 3 | 59.326 |
| Retained Earnings | 12.359.519 | (48.046) | 12.311.473 |
| **Total equity** | **81.518.842** | **(48.043)** | **81.470.799** |

| | As previously reported | Effect | As restated |
|---|---|---|---|
| | EURO | EURO | EURO |
| Revenue from IT services | 78.630.648 | - | 78.630.648 |
| Cost of IT services | (51.917.248) | 516.255 | (51.400.993) |
| **Gross profit** | **26.713.400** | **516.255** | **27.229.655** |
| Fair value gain/(losses) on financial assets at fair value through profit or loss | (29.631) | - | (29.631) |
| Other operating income | 78.594 | - | 78.594 |
| Selling and marketing expenses | (122.989) | - | (122.989) |
| Management and administration expenses | (5.644.280) | (258.235) | (5.902.515) |
| Other expenses | (29.944) | - | (29.944) |
| **Operating profit** | **20.965.150** | **258.020** | **21.223.170** |
| Net finance income/(cost) | (213.667) | (48.038) | (261.705) |
| Dividend from liquidity products | 7.986 | - | 7.986 |
| **Profit before tax** | **20.759.469** | **209.982** | **20.969.451** |
| Tax | (2.528.977) | - | (2.528.977) |
| **Net profit for the year** | **18.230.492** | **209.982** | **18.440.474** |
| **Other comprehensive income** | | | |
| Exchange difference arising on the translation and consolidation of foreigh companies' financial statements | 108.992 | - | 108.992 |
| **Total comprehensive income for the year** | **18.339.484** | - | **18.549.466** |

## 8. Cost of IT services

| | 2022 | 2021 |
|---|---|---|
| | **EURO** | EURO (as restated) |
| Cost of software development | **1.648.860** | 1.465.184 |
| Staff costs (Note 12) | **47.353.413** | 39.456.909 |
| Travel expenses | **200.356** | 8.217 |
| Other development costs | **936.449** | 875.512 |
| Amortisation of computer software (Note 18) | **8.985.105** | 8.972.855 |
| Depreciation of equipment (Note 16) | **669.648** | 622.316 |
| | **59.793.831** | 51.400.993 |

## 9. Selling and marketing expenses

| | 2022 | 2021 |
|---|---|---|
| | **EURO** | EURO |
| Advertising and marketing expenses | **47.682** | 31.800 |
| Business travelling | **274.842** | 91.189 |
| | **322.524** | 122.989 |

**10. Management and administration expenses**

| | **2022** | 2021 |
|---|---|---|
| | **EURO** | EURO (as restated) |
| Staff costs (Note 12) | **3.382.344** | 3.045.991 |
| Municipality taxes | **1.050** | 2.279 |
| Utilities | **246.230** | 182.040 |
| Insurance | **467.906** | 359.194 |
| Subscriptions and contributions | **371.117** | 296.067 |
| Non charitable donations | **62.131** | 12.422 |
| Staff training | **220.836** | 91.657 |
| Computer supplies and maintenance | **17.203** | 45.592 |
| Certification and legalisation expenses | **65.425** | 61.101 |
| Auditor’s remuneration | **55.971** | 20.506 |
| Fines | **381** | 50 |
| Travelling expenses | **10.802** | 28.407 |
| Telephone expenses | **5.150** | 3.821 |
| Professional fees | **403.308** | 298.965 |
| Management fees | **178.437** | - |
| Office expenses | **464.026** | 192.393 |
| Quality management system audit fees | **3.583** | 4.745 |
| Business risk fee | **2.850** | 2.624 |
| Depreciation of right-of-use assets (Note 17) | **1.776.140** | 1.254.661 |
| | **7.734.890** | 5.902.515 |

Non audit fees of EURO4.500 (2021: EURO8.010) have been charged by the Company’s statutory auditors.

**11. Other expenses**

| | **2022** | 2021 |
|---|---|---|
| | **EURO** | EURO |
| Other expenses | - | 29.944 |
| Extraordinary costs | **1.814.164** | - |
| | **1.814.164** | 29.944 |

Due to the geopolitical situation in Ukraine intensified on 24 February 2022, the company has incurred some extraordinary expenses in order to ensure the on-going provision of services to one of its main client. These extraordinary expenses includes staff relocation expenses and exceptional recruitment campaign.

**12. Staff costs (Note 8 and 10)**

| | **2022** | 2021 |
|---|---|---|
| | **EURO** | EURO |
| Salaries | **41.431.192** | 35.013.405 |
| Social security costs | **8.959.018** | 7.331.634 |
| Provident fund | **29.382** | 27.419 |
| Pensions cost | **316.165** | 130.442 |
| | **50.735.757** | 42.502.900 |
| **Average number of employees (including Directors in their executive capacity)** | **746** | 732 |

The Group has a defined contribution scheme, the Com Tec Co IT Ltd Employees' Provident Fund, which is funded separately and prepares its own financial statements whereby employees are entitled to payment of certain benefits upon retirement or prior termination of service.

## 13. Finance income/(costs)

| | 2022 | 2021 |
|---|---|---|
| | **EURO** | EURO (as restated) |
| Interest income | - | 986 |
| Exchange profit | **1.145.571** | 637.394 |
| **Finance income** | **1.145.571** | 638.380 |
| | | |
| Net foreign exchange losses | - | (659.145) |
| Interest expense on lease liabilities | **(238.394)** | (162.837) |
| Other finance expenses | **(123.463)** | (78.103) |
| **Finance costs** | **(361.857)** | (900.085) |
| **Net finance income/(cost)** | **783.714** | (261.705) |

## 14. Tax

| | 2022 | 2021 |
|---|---|---|
| | **EURO** | EURO |
| Corporation tax | **1.371.878** | 2.441.737 |
| Overseas tax | **67.646** | 87.067 |
| Defence contribution | - | 173 |
| **Charge for the year** | **1.439.524** | 2.528.977 |

## 15. Dividends

| | 2022 | 2021 |
|---|---|---|
| | **EURO** | EURO |
| Interim dividend paid (Note 27) | **8.221.994** | 16.000.000 |

During 2022, the Board of Directors approved the payment of an interim dividend of EURO8.221.994 (2021: EURO16.000.000).

Dividends are subject to a deduction of special contribution for defence at 17% for individual shareholders that are both Cyprus tax resident and Cyprus domiciled. Dividends are also subject to a 2,65% contribution to the General Healthcare System.

## 16. Equipment

| | Equipment |
|---|---|
| | **EURO** |
| **Cost** | |
| At 1 January 2021 | 4.656.578 |
| Additions | 19.456 |
| Exchange differences | (99.256) |
| Derecognition | (1.231) |
| **At 31 December 2021/ 1 January 2022** | **4.575.547** |
| Additions | 370.458 |
| **At 31 December 2022** | **4.946.005** |
| **Depreciation** | |
| At 1 January 2021 | 3.333.224 |
| Charge for the year (Note 8) | 622.316 |
| Exchange differences | (468.485) |
| **At 31 December 2021/ 1 January 2022** | **3.487.055** |
| Charge for the year (Note 8) | 669.648 |
| Exchange differences | (271.904) |
| **At 31 December 2022** | **3.884.799** |
| **Net book amount** | |
| **At 31 December 2022** | **1.061.206** |
| **At 31 December 2021** | **1.088.492** |

## 17. Right-of-use assets

| | Land and buildings |
|---|---|
| | EURO (as restated) |
| **Cost** | |
| At 1 January 2021 | 4.644.906 |
| Additions | 27.682 |
| **At 31 December 2021/ 1 January 2022** | **4.672.588** |
| Additions | 6.073.094 |
| **At 31 December 2022** | **10.745.682** |
| **Depreciation** | |
| At 1 January 2021 | 2.586.081 |
| Charge for the year (Note 10) | 1.254.660 |
| Adjustment to right-of-use asset | (40.232) |
| **At 31 December 2021/ 1 January 2022** | **3.800.509** |
| Charge for the year (Note 10) | 1.776.140 |
| Adjustment to right-of-use asset | (176.964) |
| **At 31 December 2022** | **5.399.685** |
| **Net book amount** | |
| **At 31 December 2022** | **5.345.997** |
| **At 31 December 2021** | **872.079** |

The right of use assets reflects the Group's obligation to make lease payments for the period from 1 January 2019 to 31 December 2026. The monthly rental for the premises in Great Britain is GBP2.750. The monthly rental for the premises in Cyprus range between EURO2.156 and EURO2.740. The monthly rental for the premises in Latvia range between EURO2.240 and EURO71.192. The monthly rental for the premises in Belarus range between EURO214 and EURO25.574. The monthly rental for the premises in Spain is EURO1.149. The average effective borrowing rates for the year ended 31 December 2022 used is 4,40% (2021: 2,20%).

## 18. Intangible assets

| | Computer software |
|---|---|
| | **EURO** |
| **Cost** | |
| At 1 January 2021 | 90.318.106 |
| Additions | 495.385 |
| **At 31 December 2021/ 1 January 2022** | **90.813.491** |
| Additions | 104.661 |
| **At 31 December 2022** | **90.918.152** |
| **Amortisation** | |
| At 1 January 2021 | 20.031.817 |
| Amortisation for the year (Note 8) | 8.972.855 |
| Exchange differences | 30.897 |
| **At 31 December 2021/ 1 January 2022** | **29.035.569** |
| Amortisation for the year (Note 8) | 8.985.105 |
| Exchange differences | (228.656) |
| **At 31 December 2022** | **37.792.018** |
| **Net book amount** | |
| **At 31 December 2022** | **53.126.134** |
| **At 31 December 2021** | **61.777.922** |

## 19. Trade and other receivables age

| | **2022** | 2021 |
|---|---|---|
| | **EURO** | EURO |
| Trade receivables | **21.240.035** | 11.532.176 |
| Receivables from related parties (Note 29.5) | **165.833** | 440.309 |
| Beneficial owner's current account - debit balance (Note 29.8) | - | 26.099 |
| Receivables from parent (Note 29.5) | - | 7.332.859 |
| Deposits and prepayments | **835.849** | 676.702 |
| Accrued income | **6.055.117** | 1.502.731 |
| Other receivables | **483.592** | 274.866 |
| | **28.780.426** | 21.785.742 |

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 5 of the consolidated financial statements.

## 20. Financial assets at fair value through profit or loss

| | **2022** | 2021 |
|---|---|---|
| | **EURO** | EURO |
| At 1 January | - | 149.674 |
| Disposals | - | (141.256) |
| Profit from disposal | - | 22.889 |
| Change in fair value | - | (29.631) |
| Exchange differences | - | (1.676) |
| **At 31 December** | - | - |

The financial assets at fair value through profit or loss are marketable securities and are valued at market value at the close of business on 31 December by reference to Stock Exchange quoted bid prices. Financial assets at fair value through profit or loss are classified as current assets because they are expected to be realised within twelve months from the reporting date.

## 21. Cash and cash equivalents

| | **2022** | 2021 |
|---|---|---|
| | **EURO** | EURO |
| Cash in hand | **5.508** | 11.605 |
| Cash at bank | **25.043.967** | 18.976.717 |
| | **25.049.475** | 18.988.322 |

For the purposes of the consolidated statement of cash flows, the cash and cash equivalents include the following:

| | **2022** | 2021 |
|---|---|---|
| | **EURO** | EURO |
| Cash at bank and in hand | **25.049.475** | 18.988.322 |
| Short term credit (Note 23) | **(7.884)** | (1.869) |
| | **25.041.591** | 18.986.453 |

Cash and cash equivalents by currency:

| | **2022** | 2021 |
|---|---|---|
| | **EURO** | EURO |
| United States Dollars | **8.745.061** | 182.992 |
| Euro | **14.382.807** | 16.821.602 |
| Great British Pounds | **26.014** | 41.005 |
| Swiss Franc | **1.895.127** | 1.941.752 |
| Belarusian Ruble | **466** | 971 |
| | **25.049.475** | 18.988.322 |

The exposure of the Group to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 5 of the consolidated financial statements.

## 22. Share capital

| | 2022 | 2022 | 2021 | 2021 |
|---|---|---|---|---|
| | **Number of shares** | **EURO** | Number of shares | EURO |
| **Authorised** | | | | |
| Ordinary shares of EURO1 each | **101.000** | **101.000** | 101.000 | 101.000 |
| | | | | |
| **Issued and fully paid** | | | | |
| At 1 January | **101.000** | **101.000** | 101.000 | 101.000 |
| **At 31 December** | **101.000** | **101.000** | 101.000 | 101.000 |

## 23. Short term credit

| | 2022 | 2021 |
|---|---|---|
| | **EURO** | EURO |
| Bank overdrafts (Note 21) | **7.884** | 1.869 |

## 24. Lease liabilities

| | Minimum lease payments | | The present value of minimum lease payments | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **EURO** | EURO (as restated) | **EURO** | EURO (as restated) |
| Not later than 1 year | **1.542.388** | 54.273 | **1.649.642** | 53.471 |
| Later than 1 year and not later than 5 years | **4.373.744** | 983.081 | **3.812.069** | 868.159 |
| | **5.916.132** | 1.037.354 | **5.461.711** | 921.630 |
| Future finance charges | **(454.421)** | (115.724) | - | - |
| **Present value of lease liabilities** | **5.461.711** | 921.630 | **5.461.711** | 921.630 |

The average lease term is 47 months. For year ended 31 December 2022, the average effective borrowing rate was 4,40% (2021: 2,2%). Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

## 25. Trade and other payables

| | 2022 | 2021 |
|---|---|---|
| | **EURO** | EURO (as restated) |
| Trade payables - suppliers and contractors | - | 336.002 |
| Trade payables - clients | **12.718.446** | 15.603.047 |
| Social insurance and other taxes | **1.931.249** | 1.645.095 |
| VAT payable | **685.562** | 70.283 |
| Director's current account - credit balance (Note 29.9) | - | 129 |
| Payables to shareholder (Note 29.6) | **429.419** | - |
| Accruals | **835.566** | 218.862 |
| Other payables | **4.273.089** | 3.986.586 |
| Deferred income | **317** | 51.115 |
| Payables to related parties (Note 29.7) | - | 31.682 |
| | **20.873.648** | 21.942.801 |

**26. (Refundable) taxes/current tax liabilities**

| | **2022** | 2021 |
|---|---|---|
| | **EURO** | EURO |
| Refundable taxes | **(572.239)** | (46.099) |
| Corporation tax liability | **117.940** | 221.557 |
| | **(454.299)** | 175.458 |

**27. Receivable from shareholder**

| | **2022** | 2021 |
|---|---|---|
| | **EURO** | EURO |
| At 1 January | - | 1.210.085 |
| Dividends for the year (Note 15) | - | 16.000.000 |
| Reduction of share premium | - | 9.000.000 |
| Payments | - | (23.951.207) |
| Amount set off | - | (9.571.638) |
| **At 31 December** | - | (7.312.760) |

**28. Operating Environment of the Group**

With the recent and rapid development of the Coronavirus disease (COVID 19) pandemic the world economy entered a period of unprecedented health care crisis that has caused considerable global disruption in business activities and everyday life.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty though, due to the pace at which the out break expands and the high level of uncertainties arising from the inability to reliably predict the outcome. Management's current expectations and estimates could differ from actual results.

On 24 February 2022, Russia launched a military operation in Ukraine. Many governments are taking increasingly stringent measures against Russia and Belarus. These measures have already slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time. The conflict may have serious consequences on the Cyprus economy and also worldwide, which are difficult to precisely estimate. The main concern at the moment is the rise of inflation, the uncertainty mainly about tourism and financial services and the increase in the price of fuel, which will affect household incomes and business operating costs.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position. COVID 19 did not have an immediate material impact on the business operations.

The Group's management believes that it is taking all the necessary measures to maintain the viability of the Group and the development of its business in the current business and economic environment.

Management will continue to monitor the situation closely and will assess the need for further actions in case the period of disruption becomes prolonged.

**29.1 Directors' remuneration**

The remuneration of Directors and other members of key management was as follows:

| | **2022** | 2021 |
|---|---|---|
| | **EURO** | EURO |
| Directors' remuneration | **216.000** | 430.000 |

**29.2Revenue from IT services from related companies**

| | **2022** | 2021 |
|---|---|---|
| | **EURO** | EURO |
| PSI Limited | - | 1.274.928 |
| SWFT Technologies Limited | **7.217.964** | 3.663.133 |
| Surance Ltd | **1.079.573** | 1.469.664 |
| FTCO Limited | - | 1.547.391 |
| | **8.297.537** | 7.955.116 |

**29.3Cost of sales from related parties**

| | **2022** | 2021 |
|---|---|---|
| | **EURO** | EURO |
| Tech Mahindra Limited (India) | **546.369** | - |

**29.4Rent expense**

| | **2022** | 2021 |
|---|---|---|
| | **EURO** | EURO |
| Istina Limited | - | 29.350 |
| Kimarosa Limited | - | 35.702 |
| | - | 65.052 |

**29.5 Receivables from related parties (Note 19)**

| | **2022** | 2021 |
|---|---|---|
| | **EURO** | EURO |
| PSI Limited | - | 167.266 |
| IPS Solutions Limited | - | 50 |
| XYTech Limited | - | 7.332.859 |
| TSN Digital Limited | - | 350 |
| FTCO Limited | - | 272.643 |
| SWFT Technologies Limited | **165.833** | - |
| | **165.833** | 7.773.168 |

**29.6 Payable to shareholder (Note 25)**

| | **2022** | 2021 |
|---|---|---|
| | **EURO** | EURO |
| Tech Mahindra Limited (India) | **429.419** | - |

**29.7 Payables to related parties (Note 25)**

| | **2022** | 2021 |
|---|---|---|
| | **EURO** | EURO |
| Istina Ltd | - | 25.614 |
| Pinguin Cyberx Ltd | - | 405 |
| Zebra Tech Ltd | - | 5.663 |
| | - | 31.682 |

**29.8Beneficial owner's current account - debit balance (Note 19)**

| | **2022** | 2021 |
|---|---|---|
| | **EURO** | EURO |
| Avraham Shaked | - | 26.099 |

The beneficial owner's current account is interest free and has no specified repayment date.

**29.9 Director's current account - credit balance (Note 25)**

| | **2022** | 2021 |
|---|---|---|
| | **EURO** | EURO |
| Tals Tuvovs | - | 129 |

The director's current account is interest free and has no specified repayment date.

**30. Contingent liabilities**

The Group had no contingent liabilities as at 31 December 2022.

**31. Commitments**

The Group had no capital or other commitments as at 31 December 2022.

**32. Events after the reporting period**

As explained in Note 23 the geopolitical situation in Eastern Europe intensified on 24 February 2022, with the commencement of the conflict between Russia and Ukraine. As at the date of authorising these financial statements for issue, the conflict continues to evolve as military activity proceeds and additional sanctions are imposed.

Depending on the duration of the conflict between Russia and Ukraine, and continued negative impact on economic activity, the Company might experience negative results, and liquidity restraints and incur impairmentson its assets in 2023, which relate to new developments that occurred after thereporting period. The exact impact on the Company's activities in 2023 and thereafter cannot be predicted.

There were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

**Independent auditor's report on pages 4 to 6**

# DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2022

| | Page | **2022** | 2021 |
|---|---|---|---|
| | | **EURO** | EURO |
| Revenue from IT related services | | **84.161.631** | 78.630.648 |
| Cost of IT related services | 2 | **(50.139.079)** | (41.805.823) |
| Other income | | **462.373** | 78.594 |
| | | **34.484.925** | 36.903.419 |
| **Operating expenses** | | | |
| Management and administration expenses | 3 | **(5.958.749)** | (4.647.853) |
| Selling and marketing expenses | 3 | **(322.524)** | (122.989) |
| | | **28.203.652** | 32.132.577 |
| **Other operating expenses** | | | |
| Other expenses | | **-** | (29.944) |
| Fair value losses on financial assets at fair value through profit or loss | | **-** | (29.631) |
| **EBITDA (excluding extraordinary costs)** | | **28.203.652** | 32.073.002 |
| Finance income | 4 | **1.145.571** | 638.380 |
| Finance costs | 4 | **(361.857)** | (900.085) |
| Dividend income | | **853** | 7.986 |
| Extraordinary costs | | **(1.814.164)** | - |
| Amortisation of "CTCRM" IP | | **(8.985.105)** | (8.972.855) |
| Depreciation of right of use assets | | **(1.776.140)** | (1.254.661) |
| Depreciation charge on equipment | | **(669.648)** | (622.316) |
| **Net profit for the year before tax** | | **15.743.162** | 20.969.451 |

# COST OF SALES

**Year ended 31 December 2022**

| | 2022 | 2021 |
|---|---|---|
| | EURO | EURO |
| **Cost of IT related services** | | |
| Cost of software development | **1.648.860** | 1.465.184 |
| Salaries | **38.618.836** | 32.480.807 |
| Social insurance | **8.405.270** | 6.845.660 |
| Provident fund | **13.142** | - |
| Accrued vacation charge | **316.165** | 130.442 |
| Travel expenses | **200.356** | 8.217 |
| Other development costs | **936.449** | 875.512 |
| | **50.139.078** | 41.805.822 |

# ADMINISTRATION EXPENSES

**Year ended 31 December 2022**

| | **2022** | 2021 |
|---|---|---|
| | **EURO** | EURO |
| **Management and administration expenses** | | |
| Staff salaries | **2.812.356** | 2.532.598 |
| Social security costs | **553.748** | 485.974 |
| Provident fund | **16.240** | 27.419 |
| Municipality taxes | **1.050** | 2.279 |
| Utilities | **246.230** | 182.040 |
| Insurance | **467.906** | 359.194 |
| Subscriptions and contributions | **371.117** | 296.067 |
| Non charitable donations | **62.131** | 12.422 |
| Staff training | **220.836** | 91.657 |
| Computer supplies and maintenance | **17.203** | 45.592 |
| Certification and legalisation expenses | **65.425** | 61.101 |
| Auditor's remuneration | **55.971** | 20.506 |
| Fines | **381** | 50 |
| Travelling | **10.802** | 28.407 |
| Telephone expenses | **5.150** | 3.821 |
| Professional fees | **403.308** | 298.965 |
| Management fees | **178.437** | - |
| Office expenses | **464.026** | 192.393 |
| Quality management system audit fees | **3.583** | 4.745 |
| Business risk fee | **2.850** | 2.624 |
| Depreciation of right-of-use assets | **1.776.140** | 1.254.661 |
| | **7.734.890** | 5.902.515 |

| | **2022** | 2021 |
|---|---|---|
| | **EURO** | EURO |
| **Selling and distribution expenses** | | |
| Advertising and marketing expenses | **47.682** | 31.800 |
| Business travelling | **274.842** | 91.189 |
| | **322.524** | 122.989 |

# FINANCE INCOME/COSTS

**Year ended 31 December 2022**

| | **2022** | 2021 |
|---|---|---|
| | **EURO** | EURO |
| **Finance income** | | |
| Other interest income | - | 986 |
| Unrealised foreign exchange profit | **1.145.571** | 637.394 |
| | **1.145.571** | 638.380 |
| **Finance costs** | | |
| **Interest expense** | | |
| Interest expense on lease liabilities | **238.394** | 162.837 |
| **Other finance expenses** | | |
| Bank charges | **108.290** | 78.103 |
| Other finance expenses | **15.173** | - |
| **Net foreign exchange losses** | | |
| Realised foreign exchange loss | - | 659.145 |
| | **361.857** | 900.085 |

# BOARD OF DIRECTORS

| | |
|---|---|
| Chairman * | Paolo Pininfarina |
| Chief Executive Officer | Silvio Pietro Angori (4) |
| Directors | Manoj Bhat |
| | Maria Giovanna Calloni (2) |
| | Sara Dethridge (2) |
| | Jay Itzkowitz (1) (2) (3) |
| | Dilip Keshu |
| | Sara Miglioli (3) |
| | Lucia Morselli (1) |
| | Antony Sheriff (1) (3) |

(1) Member of the Nomination and Remuneration Committee

(2) Member of the Control and Risk Committee

(3) Member of the Committee for Transactions with Related Parties

(4) Responsible for the Internal Control and Risk Management System

**Board of Statutory Auditors**

| | |
|---|---|
| Chairman | Massimo Miani |
| Standing Statutory Auditors | Francesca Golfetto |
| | Claudio Battistella |
| Alternate Statutory Auditors | Luciana Dolci |
| | Fausto Piccinini |
| **Secretary to the Board of Directors** | Gloria Luciani |
| **Manager in charge of financial reporting** | Roberta Miniotti |
| **Independent Auditors** | Deloitte & Touche S.p.A. |

***Powers**

Pursuant to article 22 of the bylaws, the Chairman is the parent’s legal representative vis-à-vis third parties and in court proceedings.

## PININFARINA GROUP

### OUR MISSION

Pininfarina is a design house of international repute, a symbol of Italian style in the world. With almost 90 years of experience, it is a flexible partner able to offer competitive products and services based on the values of the brand: purity, elegance and innovation. Its activities focus on design, engineering services, conception and production of unique cars or in very small series.

### OUR VALUES

Purity, elegance and innovation underpin out product offering. They are joined by the ethical and sustainability principles and values inspiring the group: legality, integrity, respect for the environment, transparency, social equality and respect for the individual. Over the years and thanks in part to these values, Pininfarina has gained a solid reputation that it intends to protect and promote in line with the projects that have been in place for years, for instance the adoption of a Code of Ethics issued back in 1993.

### PININFARINA ECOSYSTEM

A leading player in the luxury industry, the Pininfarina Group has been moving dreams since 1930. Icon of Italian design in the world, it has contributed to write the history of the global automotive industry.

Through a long process of growth and transformation, ideas and creativity, Pininfarina has evolved from an artisan concern to an international service group. Listed on the Stock Exchange and part of the Mahindra galaxy since 2016, the Pininfarina Group continues to be the benchmark of the auto and industrial design, deeply involved in designing customer journeys and unique user experiences merging physical and digital worlds through aesthetics and technology.

The core business is design and engineering services where Pininfarina can leverage on its strong brand name and its outstanding and indisputable reputation as a car designer, to be extended to other sectors, together with its excellent technical know-how and superior expertise in specific segments of the industrial engineering services value chain, such as production of bespoke cars and aerodynamics. The Pininfarina Group also represents today one of the most prestigious brands in Architecture and Interiors with hundreds of projects and dozens of awards achieved.

# DIRECTORS' REPORT

## KEY FINANCIAL FIGURES

### Pininfarina Group

| (€'million) | 2022 | 2021 | Variation |
|---|---|---|---|
| TOTAL REVENUE1 | 72.8 | 66.8 | 5.9 |
| GROSS OPERATING PROFIT | 0.8 | 2.3 | (1.5) |
| OPERATING PROFIT (LOSS) | (3.2) | 4.1 | (7.3) |
| Net financial expense | (1.5) | (1.5) | (0.1) |
| PROFIT (LOSS) FOR THE YEAR | (5.0) | 2.4 | (7.4) |
| NET FINANCIAL POSITION | 1.3 | 6.9 | (5.6) |
| EQUITY | 35.7 | 40.2 | (4.5) |

The gross operating profit or loss is the operating profit or loss gross of amortisation, depreciation, provisions, impairment losses, reversals of impairment losses and utilisation of provisions.

### Parent, Pininfarina S.p.A.

| (€'million) | 2022 | 2021 | Variation |
|---|---|---|---|
| TOTAL REVENUE | 48.8 | 42.8 | 6.0 |
| GROSS OPERATING PROFIT | 2.6 | 0.8 | 1.8 |
| OPERATING PROFIT (LOSS) | (0.3) | 4.0 | (4.3) |
| Net financial expense | (1.4) | (1.5) | 0.1 |
| PROFIT (LOSS) FOR THE YEAR | (6.0) | 3.0 | (9.1) |
| | | | |
| NET FINANCIAL POSITION | 2.5 | 6.9 | (4.5) |
| EQUITY | 45.8 | 51.4 | (5.6) |

The gross operating profit or loss is the operating profit or loss gross of amortisation, depreciation, provisions, impairment losses, reversals of impairment losses and utilisation of provisions.

## OVERVIEW

In 2022, the Group's market sector performed better than in the previous year.

Total revenue rose by 8.9% compared to 2021 and it was mostly earned in Italy and the United States, while, conversely, revenue earned in Germany and China decreased by roughly 7.9% and 22%, respectively.

Turning to the performance of the various group companies, Pininfarina S.p.A.'s total revenue increased by roughly 14% over 2021. It recorded a small operating loss which, however, is significantly smaller than that for 2021.

In the United States, Pininfarina of America's total revenue jumped by approximately 65% on the previous year and its operating profit improved as well.

The Chinese operations, run by Pininfarina Shanghai, were very negatively affected by the restrictions imposed by the zero-tolerance policy against the Covid-19 pandemic that have generally slackened the pace of the country's economic growth. Total revenue decreased by 22% on the previous year, accompanied by an operating loss of €1.8 million (operating profit of €0.5 million in 2021).

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[1]In 2022, the Pininfarina Group launched a project to analyse and revisit its financial reporting in order to bring it closer into line with its stakeholders' expectations. The project involved both the primary financial statements and the notes. It considered the concept of materiality to define a new way of presenting financial figures without making substantial changes, with a view to providing a more immediate understanding of the group's performance and events of the year.

"Total revenue" corresponds to the previous caption "Revenue", but excludes the "Change in finished goods" and now includes the "Gains on sale of non-current assets and equity investments".

The German market, where Pininfarina Deutschland operates, saw a slowdown in OEM's demand for services and its total revenue and operating loss worsened compared to the previous year.

Pininfarina Engineering S.r.l. in liquidation, which has been inactive since the last quarter of 2020 and without employees, recognised an impairment loss on its investment in Pininfarina Deutschland GmbH after the impairment test carried out in the engineering segment and is awaiting completion of the winding up procedure, which is expected to happen before the end of 2023.

Except for that mentioned for the Chinese market, the Group did not have to interrupt or restrict any of its activities during the year as a result of the Covid-19 pandemic.

At the onset of the public health emergency, Pininfarina S.p.A. established a Covid-19 committee, which continued to address issues related to its workers' health and management of its business. The committee defines the measures required to comply with the regulations issued from time to time by the government. Where organisationally possible, the parent encouraged remote working, which is available for two days a week.

The costs incurred by the Group to purchase materials and to comply with the public health emergency safety regulations amounted to approximately €25.6 thousand during the year.

With regard to the current geopolitical context characterised by the Russia-Ukraine conflict, the Pininfarina Group's sales to countries affected by the current war were immaterial and the effect of their suspension is, therefore, minimal. With respect to the macroeconomic scenario, since the Group does not make major use of energy and commodities and can still benefit from contracts at favourable rates, it was only marginally impacted by the significant rise in prices of these resources.

The Group's cash and cash equivalents of €22.8 million decreased by €6.6 million during the year, as a result of working capital trends.

The non-current bank loans and borrowings decreased by €2.4 million, as a result of the annual repayment of €3.6 million and the parent's unrealised interest expense arising from amortised-cost accounting. The Group's current financial liabilities include bank overdrafts of €2.2 million relating to the German subsidiary's factoring agreements.

The parent has continued to meet its obligations, without undue distress, including those under the debt rescheduling agreement (2016-2025) with certain banks. Such agreement, which came into force on 30 May 2016, provides for just one financial covenant (consolidated equity at a minimum of €30 million), compliance with which is assessed at 31 March each year up until repayment of the loan. At 31 March 2022, the covenant had been complied with and, although irrelevant for contractual purposes, it is still complied with at the reporting date. Should the minimum equity threshold not be complied with, the agreement would not be automatically terminated, as it provides for specific remedies and the lending banks can also waive their right to take action. The Mahindra Group has provided a surety that is enforceable if the parent fails to meet its obligations under the rescheduling agreement. Reference should be made to the financial risk management section of the notes for more information on the parent's financial debt and debt rescheduling agreement.

Neither the parent, Pininfarina S.p.A., nor its subsidiary Pininfarina Engineering S.r.l. in liquidation availed themselves of the loans provided for by the measures approved by the Italian government to support companies or granted by banks. No measures in favour of other group companies were reported.

**Support and relief measures**

In accordance with ESMA recommendations (Public Statement 32-63-972 of 20 May 2020 and reiterated in Public Statement 32-63-1186 of 29 October 2021), the support and relief measures already enjoyed or that will be enjoyed by the Group are summarised below:

- in Italy, the group companies did not avail of the Covid-19-government-sponsored lay-off scheme;

- in Germany, the government-sponsored lay-off scheme (Kurzarbeit) for 31 workers for a total of approximately 6,192 hours;

In 2023, the Group does not plan to make resort to social shock absorbers.

**MAIN EVENTS OF 2022**

In January 2022, Togg unveiled its concept smart device designed in partnership with Pininfarina S.p.A. at the Consumer Electronics Show (CES) 2022 in Las Vegas. At the same event, VinFast presented the VF 8 and VF 9 electric SUVs, whose interiors and exteriors were designed by Pininfarina S.p.A., as well as two simulators developed by the parent's UX design team.

Again in January, the Smart New Energy Truck DeepWay Xingtu designed by Pininfarina Shanghai for the Baidu Group was launched, while the hydrogen-powered H2 Racing Truck® designed by Pininfarina for the French Gaussin Group competed in the 2022 Dakar Rally in Saudi Arabia.

In March, Pininfarina Architecture presented Is-Siċċa, an urban regeneration project for Malta.

In May, NAMX revealed the HUV, a hydrogen-powered SUV partially powered by removable capsules, designed in partnership with Pininfarina S.p.A., to the international media from Pininfarina's Cambiano headquarters.

In the same month, Pininfarina of America announced its first partnership with Branson Developments, Light Towers Design by Pininfarina, a residential condo complex in Mérida, Mexico.

In June, Pininfarina celebrated 50 years of the Grugliasco wind tunnel with an event aimed at customers, institutions and the media, while the customer Viritech presented the Apricale hydrogen hypercar designed by Pininfarina S.p.A. at Goodwood's Festival of Speed.

At the end of August, Pininfarina debuted at the IFA in Berlin to showcase its expertise in product and experience design.

In September, the Pininfarina-designed POLARIS train was unveiled to the press for its first trip from Zermatt to Gornergrat. Elan Yachts, for which Pininfarina S.p.A. had already designed the award-winning yacht E6, presented a new design by Pininfarina, the Elan Impression 43. At the end of the same month, the parent and Fulvio De Simoni Yacht Design presented an innovative research project - X2, EXplore X Experience - at the Monaco Yacht Show.

In October, in Taiwan, Hon Hai Technology Group ("Foxconn") unveiled a new prototype of an electric vehicle, the MODEL B crossover, designed with Pininfarina S.p.A. while, in the field of architecture, the Masterplan for Aldea Uh May, a community in Tulum, Mexico, was presented.

Again in October, at the Paris Motor Show, Pininfarina design was in the spotlight with VinFast's VF 8 and VF 9 models and NAMX's hydrogen-powered SUV, HUV.

In November, at the Milan Motorcycle Show (EICMA), Vmoto Soco Group presented the first fruit of its collaboration with Pininfarina S.p.A, a next-generation electric two-wheeled vehicle.

Again in November, at an event at Pininfarina's headquarters, Carpisa unveiled the "Go Carpisa design by Pininfarina" travel "capsule collection".

In December, Eysing presented the PF40 electric moped designed by Pininfarina S.p.A. at Masters Expo 2022.

In just a few days, Pininfarina's design won three awards: New Holland Agriculture's Straddle Tractor Concept won both the Good Design Award and the German Design Award 2023 in the Excellent Product Design category, while the Levee Espresso Machine won the German Design Award in the Excellent Product Design - Kitchen category.

Lastly, in December, Pininfarina was bestowed the Italian excellence award at the 2022 China Awards.

# PININFARINA GROUP'S FINANCIAL PERFORMANCE AND FINANCIAL POSITION

The Group's reclassified statements of profit or loss and financial position, as well as its net financial position (as analysed by management) and the key financial indicators used by management to monitor the group's performance are set out below.

**Financial performance (reclassified statement of profit or loss)**

| **(€'000)** | **2022** | **%** | **2021** | **%** | **Variation** |
|---|---|---|---|---|---|
| Revenue from sales and services | 72,222 | 99.2% | 66,260 | 99.1% | 5,962 |
| Other revenue and income | 547 | 0.8% | 581 | 0.9% | (34) |
| TOTAL REVENUE | 72,769 | 100.0% | 66,841 | 100.0% | 5,928 |
| Purchases, services, other variable production costs and other operating expense (*) | (34,381) | (47.2%) | (28,249) | (42.3%) | (6,132) |
| VALUE ADDED | 38,388 | 52.8% | 38,592 | 57.7% | (204) |
| Personnel expense (**) | (37,617) | (51.7%) | (36,340) | (54.4%) | (1,277) |
| GROSS OPERATING PROFIT | 771 | 1.1% | 2,252 | 3.4% | (1,481) |
| Amortisation and depreciation | (3,829) | (5.3%) | (3,100) | (4.6%) | (729) |
| (Additions to)/decreases in provisions and impairment (losses) and gains | (130) | (0.2%) | 4,918 | 7.4% | (5,048) |
| OPERATING PROFIT (LOSS) | (3,188) | (4.4%) | 4,070 | 6.1% | (7,258) |
| Net financial expense | (1,512) | (2.1%) | (1,459) | (2.2%) | (53) |
| Share of profit of equity-accounted investees | 39 | 0.1% | 29 | 0.0% | 10 |
| PROFIT (LOSS) BEFORE TAXES | (4,661) | (6.4%) | 2,640 | 3.9% | (7,301) |
| Income taxes | (340) | (0.5%) | (193) | (0.3%) | (147) |
| PROFIT (LOSS) FOR THE YEAR | (5,001) | (6.9%) | 2,447 | 3.7% | (7,448) |

(*) Purchases, services, other variable production costs and other operating expense are net of utilisations of the restructuring provision (€73 thousand and €207 thousand for 2022 and 2021, respectively) for legal expenses incurred in connection with labour disputes.

(**) Personnel expense is net of utilisations of the restructuring provision (€648 thousand and €2,653 thousand for 2022 and 2021, respectively).

As required by Consob resolution no. DEM/6064293 of 28 July 2006, a reconciliation of the data in the consolidated financial statements with those in the reclassified schedules is provided below:

- Purchases, services, other variable production costs and other operating expense comprise the captions Purchases, services and other variable production costs and Other operating expense;

- (Additions to)/decreases in provisions and impairment (losses) and gains comprise the captions Decreases in (additions to) provisions for risks and charges, Net impairment gains (losses) on trade receivables and other assets and Net reversals of impairment losses (impairment losses) on property plant and equipment, intangible assets and right-of-use assets.

**Revenue from sales and services,** including contract assets and royalties, amounted to €72.2 million, up by €6 million on the previous year (€66.3 million). **Other revenue and income** of €0.6 million are substantially unchanged from 2021.

**Total revenue** increased by 8.9% to €72.8 million from €66.8 million. The design segment contributed about 14.5% to the increase, while the engineering segment's contribution decreased by approximately 8.3%.

**Operating expense**, including changes in inventories, came to €34.4 million (€28.2 million in 2021).

**Value added** of €38.4 million is substantially in line with the previous year (€38.6 million).

**Personnel expense** amounted to €37.6 million (€36.3 million in 2021). The workforce numbered 462 at the reporting date (31 December 2021: 486; -4.9%). The decrease is mainly due to the restructuring that affected Pininfarina Engineering S.r.l. in liquidation and Pininfarina Deutschland GmbH.

The **gross operating profit** of €0.8 million amounted to €2.3 million in 2021) is the result of the parent's and Pininfarina of America's excellent performance, offset by the operating losses reported by the Chinese and German group companies.

**Amortisation and depreciation** amounted to €3.8 million with an increase of €0.7 million (€3.1 million for 2021).

**Additions to/decreases in provisions and impairment losses and gains** came to a negative €0.1 million (positive €4.9 million for 2021, as a result of the reversal of impairment losses of €2.7 million previously recognised on certain assets and the €2.8 million release of some provisions, net of impairment losses on foreign withholding tax assets).

As a result, the Group recognised an **operating loss** of €3.2 million (operating profit of €4.1 million in 2021).

**Net financial expense** came to €1.5 million for 2022, substantially in line with the previous year (€1.5 million), when Pininfarina of America recognised prior year income of approximately €0.2 million.

**Income taxes** of €0.3 million, up by €0.1 million on the previous year, relate to Pininfarina of America.

The **loss for 2022** came to €5 million compared to a profit of €2.5 million for the previous year.

**Financial position (reclassified statement of financial position)**

| (€'000) | 31.12.2022 | 31.12.2021 | Variation |
|---|---|---|---|
| Net non-current assets (A) | | | |
| Intangible assets | 665 | 6,287 | (5,622) |
| Property, plant and equipment | 32,489 | 33,940 | (1,451) |
| Right-of-use assets | 2,345 | 2,972 | (627) |
| Equity investments | 1,084 | 896 | 188 |
| Net non-current assets (A) | 36,583 | 44,095 | (7,512) |
| Working capital (B) | | | |
| Inventories | 342 | 330 | 12 |
| Contract assets | 7,093 | 5,434 | 1,659 |
| Trade receivables and other assets | 18,275 | 16,630 | 1,645 |
| Deferred tax assets | - | 19 | (19) |
| Trade payables | (13,633) | (16,881) | 3,248 |
| Contract liabilities | (5,533) | (6,452) | 919 |
| Provisions for risks and charges | (407) | (1,189) | 782 |
| Other liabilities (*) | (6,229) | (5,995) | (234) |
| Total working capital (B) | (92) | (8,104) | 8,012 |
| Net invested capital (C=A+B) | 36,491 | 35,991 | 500 |
| Employee benefits (D) | (2,069) | (2,734) | 665 |
| Net capital requirements (E=C-D) | 34,422 | 33,257 | 1,165 |
| Equity (F) | 35,719 | 40,187 | (4,468) |
| Net financial position (G) | | | - |
| Non-current loans and borrowings | 14,763 | 17,818 | (3,055) |
| Net current financial position | (16,060) | (24,748) | 8,688 |
| Net financial position (G) | (1,297) | (6,930) | 5,633 |
| Total own and third party funds (H = F+G) | 34,422 | 33,257 | 1,165 |

(*) "Other liabilities" comprise the captions Other current liabilities and Current tax liabilities.

**Net capital requirements** at 31 December 2022 increased by €1.2 million on the previous year end, due to working capital trends.

Specifically:

- **net non-current assets** went from €44.1 million in 2021 to €36.6 million, with a decrease of €5.6 million in intangible assets, €1.5 million in property, plant and equipment and €0.6 million in right-of-use assets, while equity investments rose by €0.2 million;

- **working capital** fell by €8 million to a negative €0.1 million from a negative €8.1 million at 31 December 2021;

- **employee benefits** amounted to €2.1 million, down €0.7 million on the prior year end, due to payments made by the parent during the year.

The capital requirements were funded by **equity**, which fell by €4.5 million from €40.2 million at the end of 2021 to €35.7 million at the reporting date, as a result of the loss for the year, and by the **net financial position** of €1.3 million (as detailed in the following table). The €6.9 decrease in the net financial position on the previous year end is mainly due to working capital requirements.

| **(€'000)** | **31 December 2022** | **31 December 2021** | **Variation** |
|---|---|---|---|
| Cash and cash equivalents | 22,799 | 29,358 | (6,559) |
| Bank overdrafts | (2,200) | - | (2,200) |
| Other current financial liabilities | (3,578) | (3,592) | 14 |
| Lease liabilities | (961) | (1,018) | 57 |
| **Net current financial position** | **16,060** | **24,748** | **(8,688)** |
| Non-current financial assets - related parties | 550 | 550 | - |
| Lease liabilities | (1,630) | (2,322) | 692 |
| Other non-current financial liabilities | (13,683) | (16,046) | 2,363 |
| **Net non-current financial debt** | **(14,763)** | **(17,818)** | **3,055** |
| **NET FINANCIAL POSITION** | **1,297** | **6,930** | **(5,633)** |

The "**Net financial position**" set out below is presented in accordance with the format recommended by ESMA Guidelines 32-82-1138 enacting Regulation (EU) 2017/1129 applicable since 5 May 2021. In this table, assets are shown with a minus sign and liabilities with a plus sign. On the contrary, in the "Net financial position" table above, assets are shown with a plus sign and liabilities with a minus sign.

| **(€'000)** | | **31 December 2022** | 31 December 2021 | Variation |
|---|---|---|---|---|
| (A) | Cash and cash equivalents | **(22,799)** | (29,358) | 6,559 |
| (B) | Cash equivalents | **-** | - | - |
| (C) | Other current financial assets | **-** | - | - |
| **(D)** | **Total cash and cash equivalents (A+B+C)** | **(22,799)** | (29,358) | 6,559 |
| (E) | Current loans and borrowings | **2,200** | - | 2,200 |
| (F) | Current portion of non-current debt | **4,539** | 4,610 | (71) |
| **(G)** | **Current financial debt (E+F)** | **6,739** | 4,610 | 2,129 |
| **(H)** | **Net current financial position (G-D)** | **(16,060)** | (24,748) | 8,688 |
| (I) | Non-current loans and borrowings | **15,313** | 18,368 | (3,055) |
| (J) | Debt instruments | **-** | - | - |
| (K) | Trade payables and other current liabilities | **-** | - | - |
| **(L)** | **Net non-current financial debt (I+J+K)** | **15,313** | 18,368 | (3,055) |
| **(M)** | **Net financial position (H+L)** | **(747)** | (6,380) | 5,633 |

The reason for the difference between the amount of the “Net financial position” of the first table and that of the ESMA table is that the latter does not include non-current loan assets. These differences amounted to €550 thousand at 31 December 2022 (unchanged from 31 December 2021).

The net financial position at the reporting date comprises the effect of IFRS 16 (approximately €2.6 million compared to €3.3 million at 31 December 2021).

**PERFORMANCE BY BUSINESS SEGMENT**

**Design segment**

In addition to the revenue from the automotive and non-automotive design activities of all kinds, this segment includes revenue from architecture services, royalties for the use of the Pininfarina trademark, revenue from aerodynamic and aeroacoustics services and the costs arising from the parent's property management. It recognised **total revenue** of €57.7 million, up by roughly 14.5% on the €50.4 million recognised in 2021.

**Its operating loss** came to €0.7 million, down by €3.3 million from the operating profit of €2.6 million for 2021, which benefitted from the reversal of impairment losses previously recognised on certain assets (€2.7 million) and the release of the restructuring provision (€0.4 million). The segment recorded smaller volumes and profits from the Chinese operations and a small operating loss from the parent, partly offset by the better operating performance of Pininfarina of America.

**Engineering segment**

This segment, comprising the German engineering business, recognised **total revenue** of €15.1 million (€16.5 million in 2021, down by 8%).

**Its operating loss** came to €2.5 million compared to an operating profit of €1.5 million for 2021, which benefitted from the release of the restructuring provision relating to Pininfarina Engineering S.r.l. in liquidation (€2.4 million). Pininfarina Deutschland GmbH's operating profitability deteriorated since the previous year.

**HIGHLIGHTS OF GROUP COMPANIES**

| **Pininfarina S.p.A.** | | | |
|---|---|---|---|
| (€'million) | 31.12.2022 | 31.12.2021 | Variation |
| Total revenue | 48.8 | 42.7 | 6.1 |
| Operating profit (loss) | (0.3) | 4.0 | (9.3) |
| Profit (loss) for the year | (6.0) | 3.0 | (9.0) |
| Net financial position | 2.5 | 6.9 | (4.4) |
| Equity | 45.6 | 51.4 | (5.8) |
| Employees (no.) | 235 | 250 | (15) |
| | | | |
| **Pininfarina Engineering S.r.l. in liquidation** | | | |
| (€'million) | 31.12.2022 | 31.12.2021 | Variation |
| Total revenue | - | 0.7 | (0.7) |
| Operating profit (loss) | (5.1) | 2.2 | (7.3) |
| Profit (loss) for the year | (5.1) | 2.2 | (7.3) |
| Net financial position | 0.1 | 0.3 | (0.2) |
| Equity | 12.4 | 17.0 | (4.6) |
| Employees (no.) | - | - | - |
| | | | |
| **Pininfarina Deutschland GmbH (*)** | | | |
| (€'million) | 31.12.2022 | 31.12.2021 | Variation |
| Total revenue | 15.1 | 16.4 | (1.3) |
| Operating loss | (2.4) | (0.7) | (1.7) |
| Loss for the year | (2.5) | (0.8) | (1.7) |
| Net financial debt | (3.6) | (2.9) | (0.7) |
| Equity | 8.1 | 10.6 | (2.5) |
| Employees (no.) | 156 | 167 | (11) |
| | | | |
| **Pininfarina Shanghai Co. Ltd** | | | |
| (€'million) | 31.12.2022 | 31.12.2021 | Variation |
| Total revenue | 6.0 | 7.7 | (1.7) |
| Operating profit (loss) | (1.8) | 0.5 | (2.3) |
| Profit (loss) for the year | (1.8) | 0.4 | (2.2) |
| Net financial position | 0.2 | 0.8 | (0.6) |
| Equity | - | 1.8 | (1.8) |
| Employees (no.) | 42 | 49 | (7) |

| | | | |
|---|---|---|---|
| **Pininfarina of America Corp.** | | | |
| (€'million) | 31.12.2022 | 31.12.2021 | Variation |
| Total revenue | 6.6 | 4.0 | 2.6 |
| Operating profit | 1.4 | 0.7 | 0.7 |
| Profit for the year | 1.0 | 0.7 | 0.3 |
| Net financial position | 2.1 | 1.8 | 0.3 |
| Equity | 2.4 | 1.8 | 0.6 |
| Employees (no.) | 29 | 20 | 9 |

(*) On 29 April 2022, the merger between the operating company Pininfarina Deutschland GmbH and Pininfarina Deutschland Holding GmbH was filed with the company registrar of Munich (Germany). The merger took retroactive accounting and tax effect as from 1 January 2022 and did not affect these consolidated financial statements.

# PARENT'S FINANCIAL PERFORMANCE AND FINANCIAL POSITION

**Financial performance (reclassified statement of profit or loss)**

| (€'000) | 2022 | % | 2021 | % | Variation |
|---|---|---|---|---|---|
| Revenue from sales and services | 48,495 | 99.4% | 42,621 | 99.7% | 5,874 |
| Other revenue and income | 292 | 0.6% | 147 | 0.3% | 145 |
| **TOTAL REVENUE** | **48,787** | **100.0%** | **42,768** | **100.0%** | **6,019** |
| Purchases, services, other variable production costs and other operating expense (*) | (25,460) | (52.2%) | (21,209) | (49.6%) | (4,251) |
| **VALUE ADDED** | **23,327** | **47.8%** | **21,559** | **50.4%** | **1,768** |
| Personnel expense (**) | (20,744) | (42.5%) | (20,738) | (48.5%) | (6) |
| **GROSS OPERATING PROFIT** | **2,583** | **5.3%** | **821** | **1.9%** | **1,762** |
| Amortisation and depreciation | (2,684) | (5.5%) | (1,857) | (4.3%) | (827) |
| (Additions to)/decreases in provisions and impairment (losses) and gains | (182) | (0.4%) | 5,015 | 11.7% | (5,197) |
| **OPERATING PROFIT (LOSS)** | **(283)** | **(0.6%)** | **3,979** | **9.3%** | **(4,262)** |
| Net financial expense | (1,351) | (2.8%) | (1,498) | (3.5%) | 147 |
| Net gains (losses) on equity investments | (4,386) | (9.0%) | 553 | 1.3% | (4,939) |
| **PROFIT (LOSS) BEFORE TAXES** | **(6,020)** | **(12.3%)** | **3,034** | **7.1%** | **(9,054)** |
| Income taxes | - | - | - | - | - |
| **PROFIT (LOSS) FOR THE YEAR** | **(6,020)** | **(12.3%)** | **3,034** | **7.1%** | **(9,054)** |

(*) Purchases, services, other variable production costs and other operating expense are net of utilisations of the provisions for product warranties and risks (€25 thousand and €32.9 thousand for 2022 and 2021, respectively)

(**) Personnel expense is net of utilisations of the restructuring provision (€276 thousand and €65 thousand for 2022 and 2021, respectively).

As required by Consob resolution no. DEM/6064293 of 28 July 2006, a reconciliation of the data in the separate financial statements with those in the reclassified schedules is provided below:

- Purchases, services, other variable production costs and other operating expense comprise the captions Purchases, services and other variable production costs and Other operating expense;

- (Additions to)/decreases in provisions and impairment (losses) and gains comprise the captions Decreases in (additions to) provisions for risks and charges, Net impairment gains (losses) on trade receivables and other assets and Net reversals of impairment losses (impairment losses) on property plant and equipment, intangible assets and right-of-use assets.

Including the change in contract assets, **revenue from sales and services** amounted to €48.5 million compared to €42.6 million for 2021. It included revenue from services of €41.4 million (85.3% of the total; €35.2 million and 82.5% of the total in 2021), sales of spare parts, equipment and models of €3.7 million (7.5% of the total; €5.1 million and 11.8% of the total in 2021) and royalties of €2.7 million (5.5% of the total; €2.2 million and 5.1% in 2021). Direct exports, including royalties, made up 81.7% of total revenue (78.2% in 2021), of which 20.8% made to the European Union and 60.9% outside the EU. Transactions with subsidiaries contributed 7% to total revenue (9.1% in 2021).

**Other revenue and income** came to €0.3 million (€0.1 million for 2021). Accordingly, **total revenue** increased 14.1% from €42.8 million in 2021 to €48.8 million in 2022.

**Purchases, services, other variable production costs and other operating expense** rose by €4.3 million, from €21.2 million to €25.5 million. As a percentage of total revenue, they increased from 49.6% to 52.2%.

**Value added** increased to €23.3 million compared to €21.6 million for the previous year and accounted for 47.8% of total revenue (2021: 50.4%).

**Personnel expense,** substantially unchanged from the prior year, accounted for 42.5% of total revenue, compared to 48.5% in the previous year.

The **gross operating profit** came to €2.6 million (5.3% of total revenue) compared to €0.8 million for the previous year (1.9% of total revenue). The rise in total revenue and profitability, for the reasons mentioned above, was the cause of the difference between the two years.

**Amortisation and depreciation** increased to €2.7 million from €1.9 million in 2021, mainly due to the reversal of impairment losses on certain assets at the end of the previous year. They accounted for 5.5% of total revenue (2021: 4.3%).

Total **additions to/decreases in provisions and impairment losses and gains** came €0,2 million negative (positive €5 million for 2021, when they included the reversal of impairment losses of €2.7 million on property, plant and equipment and intangible assets, the release of the provision for the winding up procedure of the subsidiary Pininfarina Engineering S.r.l. in liquidation (€2.6 million) and of the restructuring provision (€0.3 million) and the impairment loss of €0.6 million on foreign tax assets). Additions to and utilisations of the provision for losses to complete contracts substantially offset each other, as in the previous year.

The **operating loss** came to €0.3 million (-0.6% of total revenue) compared to an operating profit of €4 million for the previous year (9.3% of total revenue).

**Net financial expense** amounted to €1.4 million compared to €1.5 million for 2021, accounting for 2.8% of total revenue (2021: 3.5%).

The **net losses on equity investments** are negative for €4.3 million (-9% of total revenue) include the impairment loss on the investment in Pininfarina Engineering in liquidation (€5 million), net of the dividends distributed by Pininfarina of America (€0.6 million) and the profit arising from equity-accounting. In 2021, the Group recognised net gains on equity investments of €0.6 million, which included dividends from the US company and fair value gains, accounting for 1.3% of total revenue)

The **loss for the year** totalled €6 million (-12.3% of total revenue), compared to a profit of €3 million for 2021 (7.1% of total revenue).

# FINANCIAL POSITION (RECLASSIFIED STATEMENT OF FINANCIAL POSITION)

| (€'000) | 31.12.2022 | 31.12.2021 | Variation |
|---|---|---|---|
| Net non-current assets (A) | | | |
| Intangible assets | 600 | 6,169 | (5,569) |
| Property, plant and equipment | 31,911 | 33,286 | (1,375) |
| Right-of-use assets | 567 | 465 | 102 |
| Equity investments | 15,102 | 19,914 | (4,812) |
| **Net non-current assets (A)** | **48,180** | **59,834** | **(11,654)** |
| **Working capital (B)** | | | |
| Inventories | 342 | 330 | 12 |
| Contract assets | 1,679 | 925 | 754 |
| Trade receivables and other assets | 15,985 | 12,234 | 3,751 |
| Deferred tax assets | - | - | - |
| Trade payables | (10,050) | (13,765) | 3,715 |
| Contract liabilities | (5,547) | (6,458) | 911 |
| Provisions for risks and charges | (500) | (1,348) | 848 |
| Other liabilities | (4,708) | (4,536) | (172) |
| **Total working capital (B)** | **(2,799)** | **(12,618)** | **9,819** |
| **Net invested capital (C=A+B)** | **45,381** | **47,216** | **(1,835)** |
| Employee benefits (D) | (2,069) | (2,734) | 665 |
| **Net capital requirements (E=C-D)** | **43,312** | **44,482** | **(1,170)** |
| Equity (F) | 45,783 | 51,413 | (5,630) |
| Net financial position (G) | | | - |
| Non-current loans and borrowings | 11,913 | 14,521 | (2,608) |
| Net current financial position | (14,384) | (21,452) | 7,068 |
| **Net financial position (G)** | **(2,471)** | **(6,931)** | **4,460** |
| **Total own and third party funds (H = F+G)** | **43,312** | **44,482** | **(1,170)** |

**Net non-current assets** fell by €11.7 million to €48.2 million compared to €59.8 million at the previous year end.

Specifically, **intangible assets** decreased by €5.6 million, due to impairment losses of €5.5 million on the advisory services agreement for the acquisition of an engineering contract recognised as an intangible asset in 2018 and amortisation of €0.3 million, net of additions of €0.2 million. **Property, plant and equipment** decreased by €1.4 million, as a result of additions of €0.9 million, mainly related to the purchase of systems and IT equipment, net of depreciation of €1.3 million. **Equity investments** decreased by €4.8 million, due to the €5 million impairment loss on the investment in Pininfarina Extra S.r.l. in liquidation, net of the gain arising from equity-accounting and fair value gains on other equity investments of €0.2 million.

**Working capital** was a negative €2.8 million compared to a negative €12.6 million at 31 December 2021. **Employee benefits** amounted to €2.1 million, down €0.7 million on the prior year end, mainly due to payments made during the year.

**Net capital requirements** decreased from €44.5 million at 31 December 2021 to €43.3 million. They were funded by **equity**, which fell by €5.6 million from €51.4 million at the end of 2021 to €45.8 million at the reporting date, as a result of the comprehensive expense for the year, and by the **net financial position** of €2.5 million (as detailed in the following table). The €4.5 decrease in the net financial position on the previous year end (€6.9 million) is mainly due to working requirements.

| (€'000) | 31 December 2022 | 31 December 2021 | Variation |
|---|---|---|---|
| Cash and cash equivalents | 18,212 | 25,255 | (7,043) |
| Bank overdrafts | - | - | - |
| Other current financial liabilities | (3,651) | (3,651) | - |
| Lease liabilities | (177) | (152) | (25) |
| **Net current financial position** | **14,384** | **21,452** | **(7,068)** |
| Non-current financial assets - related parties | 2,280 | 2,051 | 229 |
| Lease liabilities | (510) | (526) | 16 |
| Other non-current financial liabilities | (13,683) | (16,046) | 2,363 |
| **Net non-current financial debt** | **(11,913)** | **(14,521)** | **2,608** |
| **NET FINANCIAL POSITION** | **2,471** | **6,931** | **(4,460)** |

The "**Net financial position**" set out below is presented in accordance with the format recommended by ESMA Guidelines 32-82-1138 enacting Regulation (EU) 2017/1129 applicable since 5 May 2021. In this table, assets are shown with a minus sign and liabilities with a plus sign. On the contrary, in the "Net financial position" table above, assets are shown with a plus sign and liabilities with a minus sign.

| (€'000) | | 31 December 2022 | 31 December 2021 | Variation |
|---|---|---|---|---|
| (A) | Cash and cash equivalents | (18,212) | (25,255) | 7,043 |
| (B) | Cash equivalents | - | - | - |
| (C) | Other current financial assets | - | - | - |
| **(D)** | **Total cash and cash equivalents (A+B+C)** | **(18,212)** | **(25,255)** | **7,043** |
| (E) | Current loans and borrowings | - | - | - |
| (F) | Current portion of non-current debt | 3,828 | 3,803 | 25 |
| **(G)** | **Current financial debt (E+F)** | **3,828** | **3,803** | **25** |
| **(H)** | **Net current financial position (G+D)** | **(14,384)** | **(21,452)** | **7,068** |
| (I) | Non-current loans and borrowings | 14,193 | 16,572 | (2,379) |
| (J) | Debt instruments | - | - | - |
| (K) | Trade payables and other current liabilities | - | - | - |
| **(L)** | **Net non-current financial debt (I+J+K)** | **14,193** | **16,572** | **(2,379)** |
| **(M)** | **Net financial position (H+L)** | **(191)** | **(4,880)** | **4,689** |

The reason for the difference between the amount of the "Net financial position" of the first table and that of the ESMA table is that the latter does not include non-current loan assets. These differences totalled €2,280 thousand at 31 December 2022 (€2,051 thousand at 31 December 2021).

The net financial position at the reporting date comprises the effect of IFRS 16 (approximately €687 thousand compared to €678 thousand at 31 December 2021).

# RECONCILIATION BETWEEN THE PARENT'S LOSS AND EQUITY AND CONSOLIDATED LOSS AND EQUITY

The parent's loss and equity as at and for the year ended 31 December 2022 are reconciled with the Group's relevant figures below:

| | Profit (loss) for the year | | Equity | |
|---|---|---|---|---|
| (€'000) | **2022** | **2021** | **31 December 2022** | **31 December 2021** |
| **Pininfarina S.p.A.'s separate financial statements** | **(6,020)** | **3,034** | **45,783** | **51,413** |
| - Subsidiaries' contribution | (3,406) | 2,537 | (8,446) | (5,118) |
| - Elimination of trademark licence in Germany | | | (6,749) | (6,749) |
| - Intragroup dividends | (575) | (524) | | |
| - Impairment losses on equity investments | 5,000 | | 5,000 | |
| - Provision for the winding up procedure | | | 131 | 641 |
| - Release of the provision for the winding up procedure | | (2,600) | | |
| **Pininfarina Group's consolidated financial statements** | **(5,001)** | **2,447** | **35,719** | **40,187** |

**Disclosure required by Consob resolution no. 15519 of 27 July 2006 on related party transactions**

Pursuant to Consob resolution no. 15519 of 27 July 2006, the parent presented its related party transactions directly in its statement of profit or loss, to which reference is made.

Assets and liabilities and cash flows related to transactions with related parties are not presented in a separate schedule as they are disclosed separately in the statements of financial position and of cash flows, respectively. Comments on the captions are provided in the notes to the separate and consolidated financial statements.

**Human resources and the environment**

During 2022:

- the Group did not implement any procedures of the government-sponsored lay-off or Covid-19 furlough schemes;
- with reference to the Bairo facility, with Ministerial decree no. 0110479 of 27 September 2021, the Group was authorised to extend the extraordinary government-sponsored lay-off scheme for 20 employees for the period from 3 September 2021 to 2 March 2022. After the expiry of the above scheme, the Group signed an agreement with the trade unions on 8 March 2022. It then implemented the collective redundancy procedure and laid off 13 workers on 9 March 2022;
- with reference to the Cambiano facility, in 2022, the parent signed individual agreements to lay off five workers and no cases were brought against the parent for financial and/or physiological damage (e.g., personal injuries, moral damage, hedonic damage, etc.);
- there were no deaths in the workplace and there were two accidents leading to employees' absence for less than three days. The parent was not found liable for occupational diseases contracted by employees or former employees or mobbing.

With reference to investments in safety in the workplace and the environment, the parent pays utmost attention to the continuous upgrading and/or improvement of operating layouts and machinery/equipment in line with relevant legislation. Expected investments for 2023 amount to roughly €740 thousand.

In general, the parent considers protecting the environment and health and safety in the workplace to be essential to achieve its objectives. Pininfarina S.p.A. has a 2015 UNI EN ISO 14001-certified environmental management system. A notified body carried out a surveillance audit to renew the certification of the system's compliance in all Italian facilities in 2022, finding it compliant. The certification is effective up to October 2024.

With reference to the environmental audit carried out in 2011 at the Grugliasco facility that was sold to Sviluppo Investimenti Territorio S.r.l. (SIT) in 2009, which was commented on in the 2021 directors' report, at the specific request of the owners/operators, in order to improve the subsequent usability of the area subject to reclamation, on 9 February 2022, the parent presented an updated reclamation operational plan to the local bodies. The Grugliasco local authorities approved the updated operational plan with executive decision no. 151 issued on 24 February 2022. The excavation work began on 3 May 2022 and the parent is currently waiting for the results of the analyses carried out in the excavation area by ARPA (the regional environmental protection agency). In light of the above, the agreements for the reclamation work signed by the parent and the owners/operators in June 2021 were supplemented in April 2022, requiring a performance bond and a surety bond of €75 thousand in favour of the parent.

The dispute between SIT and the parent, commenced when SIT sued the parent before the Turin Court for alleged damage caused by the sale of the site in 2019 at an unfair price, was definitively settled on 28 March 2022. Specifically, the parent accepted the judge's recommendation to the parties to consider an out-of-court agreement and paid an overall amount of €58 thousand (including expenses) to the counterparty. By signing the agreement, the parties expressly declared that that they have no further claims of any kind for any reason whatsoever.

**Research**

The Group did not carry out any research during the year.

**Other information**

During the period from the reporting date to the date of preparation of this report, none of the group companies has approved the distribution of dividends to Pininfarina S.p.A.

Reference should be made to the "General information" section of the notes for details on branches.

The parent does not hold shares of its ultimate parent; reference should be made to the notes to the separate financial statements (note 12) for details on treasury shares.

Reference should be made to the notes to the separate financial statements (note 32) for the disclosure required by article 6-bis.a)/b) of the Italian Civil Code.

**GOING CONCERN**

The performance of the markets in which the Group operates, already adversely affected by the continuation of the negative economic cycle of the global automotive industry, was hit by the uncertain growth outlook caused by the war in Ukraine and a delay in the recovery of some markets due to the lingering effects of the Covid-19 pandemic.

With reference to the latter issue, the Group was affected by a strong contraction in its operations in China during 2022, as a result of the stringent regulations against the spread of the infection adopted in that country until the end of the year.

In addition, the Group met the challenges posed by the technological change that is affecting the mobility and other sectors, envisaging the possibility of offering traditional services combined with digital experiences.

However, the Group's focus on the pursuit of its growth objectives remains unchanged:

- maintaining an appropriate level of liquidity for the Group's requirements;
- protecting the capitalisation level required by the law and bank agreements;
- creating the conditions for restoring steady profitability.

The Group's net financial position amounted to €1.3 million at the reporting date, comprising cash and cash equivalents of €22.8 million, loans and borrowings of €17.3 million, whose current portion amounts to €3.6 million, and bank overdrafts of €2.2 million relating to the German subsidiary's factoring agreements. According to the cash flow forecasts for the 12 months after the reporting date prepared by the directors, including the future cash inflows of about €4 million arising from the sale of the San Giorgio Canavese facility, the parent's and Group's financial resources at the reporting date should be adequate to cover their expected operating requirements, as well as the outlays necessary to complete the winding up procedure of Pininfarina Engineering S.r.l. in liquidation and to repay the current portion of loans and borrowings when they become due.

In order to comply with the requirements of the Italian Civil Code governing share capital protection, the parent must monitor its equity at consolidation level closely. Indeed, the only financial covenant provided for by the existing debt restructuring agreement is a minimum level of €30 million (this is checked on 31 March every year and had been complied with at 31 March 2022). Considering the Group's performance in the first few months of 2023, there are no reasons to believe that compliance with the financial covenant at the next assessment date of 31 March 2023 is at risk. The Mahindra Group has provided a surety that is enforceable if the parent fails to meet its obligations under the rescheduling agreement and ensured its financial support as part of the capital increase transaction executed in 2021.

In order to tackle their performance issues and return to a profit-making position, considering the currently foreseeable outlook and in line with the actions taken in previous years, the parent and the Group will continue implementing measures to contain overheads and enhance the management of direct and indirect personnel, in order to improve their operating profitability, especially in Germany and China. The winding up of the subsidiary Pininfarina Engineering S.r.l. in liquidation is nearing completion, which is expected to happen before the end of 2023.

Moreover, the Group is constantly committed to identifying and developing new commercial projects to better tailor its services to the continuous changes in market demand, also in terms of technology and sustainability.

Despite the persisting uncertainties, business opportunities and prices offered were stable, in line with the trend envisaged by the directors for this year.

During 2022, the Group's operating profit margin did not meet expectations since Pininfarina Deutschland and Pininfarina Shanghai did not perform as expected. In this respect, the Group has taken steps to identify further actions aimed at recovering profitability in their target markets.

After having checked the 2023 financial projections (which do not include any adverse effect on total revenue directly related to the Covid-19 pandemic) and the refocusing actions identified by the Group, the directors believe that the Group's restructuring and refocusing process will still require significant efforts in terms of sales volumes, costs to win future contracts and cost containment.

According to the directors, given the performance reported for 2022, there continues to be significant uncertainty about the achievement of the production volumes and improved profitability goals. This is because they depend on a long-lasting recovery of the markets in which the Group and the parent operate over the next few years, especially the German and Chinese markets, as well as on the evolution of the costs to win future contracts and procurement costs to maintain the conditions for them to continue to be profitable and to meet the equity requirements provided for by the rescheduling agreement. Should their performance and, hence, their financial results fail to be in line with forecasts, the parent and the Group would have to seek alternative sources of financing and obtain new capital resources. This significant uncertainty may cast material doubts as to their ability to continue as going concerns.

Notwithstanding the above, the directors deem that suitable measures to limit operating cash outflows and all possible actions to contain costs and recoup volumes in all business segments have been successfully implemented. After having carried out all relevant checks and evaluated the above uncertainties, the directors reasonably expect that the parent and the Group have sufficient resources available to continue their operations for the foreseeable future. Due to the above reasons, the directors deem it correct to prepare this annual financial report on a going concern basis.

**EVENTS AFTER THE REPORTING DATE**

In July 2022, the Group received an expression of interest for the San Giorgio Canavese facility from a potential acquirer and signed a preliminary sale agreement in the first quarter of 2023. The sale is expected to be executed before the end of 2023 for a total consideration of €4,15 million, including €1 million already received as a guarantee deposit in March 2023 and €0.2 million collected in July 2022.

No other events occurred after the reporting date.

**INFORMATION REQUIRED BY CONSOB (THE ITALIAN COMMISSION FOR LISTED COMPANIES AND THE STOCK EXCHANGE) PURSUANT TO ARTICLE 114.5 OF LEGISLATIVE DECREE NO. 58/98**

- The net financial position of the Pininfarina Group and Pininfarina S.p.A., with separate classification of current and non-current items, is respectively shown in the "Pininfarina Group's financial performance and financial position" and "Parent's financial performance and financial position" sections, respectively.

- The parent has no past-due liabilities, while the subsidiaries Pininfarina Deutschland GmbH and Pininfarina Shanghai have past-due trade receivables of €0.8 million (including €0.4 million due to the Tech Mahindra Group) and €1 million, respectively, which did not give rise to payment orders, disputes, legal proceedings or suspension of supplies.

- The Group's and parent's related party transactions are respectively detailed in the primary consolidated and separate financial statements schedules and related notes (notes 35 and 33 to the consolidated and separate financial statements, respectively). Except for a major trading transaction (supply of design and engineering services) between the parent and its indirect associate Automobili Pininfarina GmbH (wound up during the year), the related party transactions are substantially unchanged from those reported in the interim separate and condensed interim consolidated financial statements at 30 June 2022. Revenue from related party transactions accounted for 4.8% of the Group's total revenue for 2022, compared to 4.9% for the first half of 2022.

- As discussed in the "Overview" section, under the existing rescheduling agreement between the parent and the banks, there is just one financial covenant, to be checked annually beginning from 31 March 2018: consolidated equity at a minimum level of €30 million. At 31 March 2022, it had been complied with. The Group has no further loans and borrowings carrying clauses that limit its use of financial resources.

- On 23 March 2022, when the shareholders approved the draft 2021 annual report, Pininfarina S.p.A. announced that its outlook for 2022 was an increase1 in revenue compared to 2021. Other than the above, the parent had not disclosed any other financial forecasts for 2022.

**OTHER REPORTS OR STATEMENTS REQUIRED BY APPLICABLE LEGISLATION**

**Report on corporate governance and ownership structure**

With reference to article 123-bis.3 of the Consolidated Finance Act, the information on the adoption of the codes of conduct (Report on corporate governance and ownership structure) is available in the "Investor Relations" section of the parent's website (www.pininfarina.it) as well as through the other methods provided for by current legislation.

**Remuneration report**

With reference to article 84-quater of the Issuers' Regulation, the remuneration report will be available in the "Investor Relations" section of the parent's website (www.pininfarina.it) as well as through the other methods and within the timeline provided for by current legislation.

**Consolidated non-financial statement**

Pursuant to the obligation introduced by Legislative decree no. 254/2016 about the presentation of a consolidated non-financial statement, this statement is available in the "Investor Relations" section of the parent's website (www.pininfarina.it) as well as through the other methods provided for by current legislation.

**OUTLOOK FOR 2023**

Based on the current situation of the business sectors in which the Pininfarina Group operates, its outlook for 2023 is an increase in total revenue compared to 2022.

Chief Executive Officer
(Silvio Pietro Angori)
(signed on the original)

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<?> As mentioned earlier, in 2022, the Pininfarina Group launched a project to analyse and revisit its financial reporting in order to bring it closer into line with its stakeholders' expectations. The project involved both the primary financial statements and the notes. It considered the concept of materiality to define a new way of presenting the financial figures without making substantial changes, with a view to providing a more immediate understanding of the group's performance and events of the year.

"Total revenue" corresponds to the previous caption "Revenue", but excludes the "Change in finished goods" and now includes the "Gains on sale of non-current assets and equity investments".

# PININFARINA GROUP
## CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| **(€'000)** | **Note** | **31.12.2022** | **of which: related parties** | 31.12.2021 | of which: related parties |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | (5) | **32,489** | | 33,940 | |
| Right-of-use assets | (6) | **2,345** | | 2,972 | |
| Intangible assets | (7) | **665** | | 6,287 | |
| Equity-method investments | (8) | **684** | | 644 | |
| Investments in other companies | (9) | **400** | | 252 | |
| Deferred tax assets | (19) | **-** | | 19 | |
| Non-current financial assets | | **550** | **550** | 550 | 550 |
| **Total non-current assets** | | **37,133** | **550** | 44,664 | 550 |
| **Current assets** | | | | | |
| Inventories | (10) | **342** | | 330 | |
| Contract assets | (20) | **7,093** | | 5,434 | |
| Current financial assets | | **-** | | - | |
| Trade receivables and other assets | (11) | **18,275** | **604** | 16,630 | 591 |
| Cash and cash equivalents | (12) | **22,799** | | 29,358 | |
| Total current assets | | **48,509** | **604** | 51,752 | 591 |
| **TOTAL ASSETS** | | **85,642** | **1,154** | 96,416 | 1,141 |
| **LIABILITIES AND EQUITY** | | | | | |
| **Equity** | | | | | |
| Share capital | (13) | **56,466** | | 56,466 | |
| Other reserves | (13) | **45,150** | | 44,416 | |
| Losses carried forward | (13) | **(60,896)** | | (63,142) | |
| Profit (loss) for the year | (13) | **(5,001)** | | 2,447 | |
| Equity attributable to the owners of the parent | | **35,719** | **-** | 40,187 | - |
| Equity attributable to non-controlling interests | | **-** | | - | |
| **TOTAL EQUITY** | | **35,719** | **-** | 40,187 | - |
| **Non-current liabilities** | | | | | |
| Lease liabilities | (6) | **1,630** | | 2,322 | |
| Other non-current financial liabilities | (14) | **13,683** | | 16,046 | |
| Deferred tax liabilities | (19) | **-** | | - | |
| Employee benefits | (15) | **2,069** | | 2,734 | |
| **Total non-current liabilities** | | **17,382** | **-** | 21,102 | - |

| (€'000) | Note | 31.12.2022 | of which: related parties | 31.12.2021 | of which: related parties |
|---|---|---|---|---|---|
| **Current liabilities** | | | | | |
| Lease liabilities | (6) | **961** | | 1,018 | |
| Other current financial liabilities | (14) | **5,778** | | 3,592 | |
| Other current liabilities | (16) | **5,894** | | 5,795 | |
| Trade payables | (17) | **13,633** | **523** | 16,881 | 262 |
| Contract liabilities | (20) | **5,533** | **111** | 6,452 | 759 |
| Current tax liabilities | | **335** | | 200 | |
| Provisions for risks and charges | (18) | **407** | | 1,189 | |
| **Total current liabilities** | | **32,541** | **634** | 35,127 | 1,021 |
| **TOTAL LIABILITIES** | | **49,923** | **634** | 56,229 | 1,021 |
| **TOTAL LIABILITIES AND EQUITY** | | **85,642** | **634** | 96,416 | 1,021 |

Pursuant to Consob resolution no. 15519 of 27 July 2006, an ad hoc statement of financial position showing related party transactions has not been prepared as these are already shown in the consolidated financial statements schedules.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| (€'000) | Note | 2022 | of which: related parties | 2021 | of which: related parties |
|---|---|---|---|---|---|
| Revenue from sales and services | (20) | **72,222** | **3,509** | 66,260 | 4,036 |
| Other revenue and income | (21) | **547** | | 581 | |
| **TOTAL REVENUE** | | **72,769** | **3,509** | 66,841 | 4,036 |
| Purchases, services and other variable production costs | (22) | **(23,976)** | **(302)** | (19,439) | (154) |
| Other operating expense | (23) | **(10,405)** | **-** | (8,810) | - |
| Personnel expense | (24) | **(37,617)** | | (36,340) | |
| Amortisation and depreciation | (25) | **(3,829)** | | (3,100) | |
| Net decreases in provisions for risks and charges | (26) | **61** | | 2,736 | |
| Net impairment losses on trade receivables and other assets | (27) | **(191)** | | (492) | |
| Net reversals of impairment losses on property, plant and equipment, intangible assets and right-of-use assets | (28) | **-** | | 2,674 | |
| **TOTAL EXPENSE** | | **(75,957)** | **(302)** | (62,771) | (154) |
| **OPERATING PROFIT (LOSS)** | | **(3,188)** | **3,207** | 4,070 | 3,882 |
| Financial income | (29) | **4** | | 222 | |
| Financial expense | (30) | **(1,516)** | | (1,681) | |
| Share of profit of equity-accounted investees | (8) | **39** | | 29 | |
| **PROFIT (LOSS) BEFORE TAXES** | | **(4,661)** | **3,207** | 2,640 | 3,882 |
| Income taxes | (19) | **(340)** | | (193) | |
| **Profit (loss) from continuing operations** | | **(5,001)** | **3,207** | 2,447 | 3,882 |
| Profit (loss) from discontinued operations | | **-** | | - | |
| **PROFIT (LOSS) FOR THE YEAR** | | **(5,001)** | **3,207** | 2,447 | 3,882 |
| of which: attributable to the owners of the parent | | **(5,001)** | | 2,447 | |
| of which: attributable to non-controlling interests | | **-** | | - | |
| **BASIC EARNINGS (LOSS) PER SHARE** | (31) | **(0.06)** | | 0.03 | |
| **DILUTED EARNINGS (LOSS) PER SHARE** | (31) | **(0.06)** | | 0.03 | |

Pursuant to Consob resolution no. 15519 of 27 July 2006, the effects of related party transactions on the statement of profit or loss of the Pininfarina Group are shown in the table provided above and in note 35.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| (€'000) | 2022 | 2021 |
|---|---|---|
| **PROFIT (LOSS) FOR THE YEAR (A)** | **(5,001)** | 2,447 |
| Net actuarial gains (losses) | **241** | (8) |
| Net fair value gains on equity investments | **148** | - |
| Related tax | **-** | - |
| **Post-tax other comprehensive income (expense) that will not be reclassified to profit or loss (B)** | **389** | (8) |
| Net gains from translation of financial statements of foreign operations | **144** | 310 |
| **Post-tax other comprehensive income that will be reclassified to profit or loss (C)** | **144** | 310 |
| **COMPREHENSIVE INCOME (EXPENSE) (A) + (B) + (C)** | **(4,468)** | 2,749 |
| of which: attributable to the owners of the parent | **(4,468)** | 2,749 |
| of which: attributable to non-controlling interests | **-** | - |
| of which: from continuing operations | **(4,468)** | 2,749 |
| of which: from discontinued operations | **-** | - |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| (€'000) | Share capital | Other reserves | Losses carried forward | Profit (loss) for the year | EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT | Equity attributable to non-controlling interests | TOTAL EQUITY |
|---|---|---|---|---|---|---|---|
| **1 January 2021** | **54,271** | **43,098** | **(38,696)** | **(24,438)** | **34,235** | **-** | **34,235** |
| Allocation of prior year loss | - | - | (24,438) | 24,438 | - | - | - |
| Capital injection for capital increases | - | 3,567 | - | - | 3,567 | - | 3,567 |
| Capital increase | 2,195 | (2,195) | - | - | - | - | - |
| Capital increase transaction costs | - | (364) | - | - | (364) | - | (364) |
| Comprehensive income | - | 310 | (8) | 2,447 | 2,749 | - | 2,749 |
| **31 December 2021** | **56,466** | **44,416** | **(63,142)** | **2,447** | **40,187** | **-** | **40,187** |
| Allocation of prior year profit | - | 442 | 2,005 | (2,447) | - | - | - |
| Comprehensive expense | - | 292 | 241 | (5,001) | (4,468) | - | (4,468) |
| **31 December 2022** | **56,466** | **45,150** | **(60,896)** | **(5,001)** | **35,719** | **-** | **35,719** |

# CONSOLIDATED STATEMENT OF CASH FLOWS

| (€'000) | 2022 | of which: related parties | 2021 | of which: related parties |
|---|---|---|---|---|
| **A) CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Profit (loss) for the year | **(5,001)** | | 2,447 | |
| Adjustments for: | | | | |
| Income taxes | **340** | | 193 | |
| Share of profit of equity-accounted investees | **(39)** | | (29) | |
| Net financial expense | **1,512** | | 1,459 | |
| Amortisation and depreciation | **3,829** | | 3,100 | |
| Net decreases in provisions for risks and charges | **(61)** | | (2,736) | |
| Net impairment losses on trade receivables and other assets | **191** | | 492 | |
| Net reversals of impairment losses on property, plant and equipment, intangible assets and right-of-use assets | **-** | | (2,674) | |
| Net gains on the sale of non-current assets | **(12)** | | (1) | |
| Other adjustments | **46** | | 301 | |
| **Cash flows from operating activities before changes in working capital** | **805** | | 2,552 | |
| (Increase)/decrease in contract assets | **(1,659)** | | (858) | |
| (Increase)/decrease in trade receivables and other assets | **(1,836)** | **(13)** | 3,829 | 1,563 |
| Increase/(decrease) in trade payables | **2,202** | **261** | 50 | (298) |
| Increase/(decrease) in contract liabilities | **(919)** | **(648)** | 391 | (688) |
| (Increase)/decrease in other working capital items | **87** | | (3,511) | |
| **Cash flows from (used in) operating activities** | **(1,320)** | | 2,453 | |
| Net interest paid | **(158)** | | (158) | |
| Taxes paid | **(186)** | | (154) | |
| Utilisations of provisions for risks and charges and employee benefits | **(1,145)** | | (2,610) | |
| **NET CASH FLOWS USED IN OPERATING ACTIVITIES (A)** | **(2,809)** | | (469) | |
| **B) CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Additions to intangible assets | **(160)** | | (472) | |
| Additions to property, plant and equipment | **(1,115)** | | (675) | |
| Sales of property, plant and equipment and intangible assets | **58** | | 4,206 | |
| Other changes | **-** | | (22) | |
| **NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)** | **(1,217)** | | 3,037 | |

| (€'000) | 2022 | of which: related parties | 2021 | of which: related parties |
|---|---|---|---|---|
| **C) CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Repayment of loans and borrowings | **(3,592)** | | (3,699) | |
| New loans and borrowings | **2,200** | | - | |
| Payment of lease liabilities | **(1,241)** | | (1,607) | |
| Capital injection for capital increases | **-** | | 3,567 | |
| **NET CASH FLOWS USED IN FINANCING ACTIVITIES (C)** | **(2,633)** | | (1,739) | |
| **EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS (D)** | **100** | | - | |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (E = A+B+C+D)** | **(6,559)** | | 829 | |
| Opening cash and cash equivalents (F) | **29,358** | | 28,529 | |
| **CLOSING CASH AND CASH EQUIVALENTS (E+F)** | **22,799** | | 29,358 | |

Pursuant to Consob resolution no. 15519 of 27 July 2006, the impact of transactions with related parties, which are those with the ultimate parent, PF Holding B.V., the Mahindra group companies and the associates Goodmind S.r.l. and Signature S.r.l., are disclosed in note 35 to the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 - GENERAL INFORMATION

The core business of the Pininfarina Group (the "Group") is based on the establishment of comprehensive partnerships with carmakers. Operating as a global partner enables it to work with customers through the entire process of developing new products, including design, planning, development, industrialisation and manufacturing, or to provide support separately during any one of these phases with the utmost flexibility.

Pininfarina S.p.A., the Group's parent, is listed on the Italian Stock Exchange. Its registered office is in Via Raimondo Montecuccoli 9, Turin.

Market investors own 21.16% of its share capital, with the remaining 78.84% held by the following shareholders:

- PF Holdings B.V. 78.82%,
- treasury shares held by Pininfarina S.p.A. 0.02%.

At the reporting date, PF Holdings B.V. is controlled by Tech Mahindra Limited, which holds 60% of its share capital. Mahindra & Mahindra Limited holds the other 40%.

Tech Mahindra Limited, an Indian company listed on the National Stock Exchange of Mumbai (India), is a public company, specialised in IT services and solutions. It is not controlled by any major shareholder. Mahindra & Mahindra Limited holds an investment of 26% therein at the reporting date.

Mahindra & Mahindra Limited is a company incorporated under Indian law, with registered office in India, whose shares are listed on the Indian National Stock Exchange. It is specialised in the production of cars, commercial vehicles, buses and tractors.

Despite being directly controlled by PF Holdings B.V., which is part of the Mahindra Group, Pininfarina S.p.A. is neither managed nor coordinated by PF Holdings B.V. pursuant to article 2497 and following articles of the Italian Civil Code. PF Holdings B.V. is simply a vehicle incorporated under Dutch law without an operating structure. There is no authorisation or reporting procedure in place that Pininfarina S.p.A. should follow in the relationships with its parent and, therefore, it has full autonomy to define its strategic and operating objectives, since it has (i) a structured organisation able to perform all business and corporate activities, (ii) its own distinct strategic and financial planning process and (iii) the ability to make proposals about how to conduct and develop its business.

A list of the group companies, with their complete names and addresses, is provided later on.

The consolidated financial statements are presented in Euros, the functional and presentation currency of the parent, where most of the activities and consolidated revenue are concentrated, and its main subsidiaries.

All amounts are presented in thousands of Euros, unless stated otherwise.

The Board of Directors approved these consolidated financial statements on 23 March 2023. They were authorised for publication according to the legal terms.

## 2 - BASIS OF PREPARATION

### 1.1 Basis of presentation

The consolidated financial statements at 31 December 2022 comply with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. They are also consistent with the regulations enacted to implement article 9 of Legislative decree no. 38/2005.

The term IFRS includes the International Financial Reporting Standards, the International Accounting Standards ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously called the Standing Interpretations Committee ("SIC"), endorsed by the European Commission as of the date of the Board of Directors' meeting convened to approve the consolidated financial statements and listed in the applicable regulations published by the European Union as of the above-mentioned date.

These consolidated financial statements are prepared in accordance with the general principle of historical cost, except for those items that, pursuant to the IFRS, shall be measured at fair value, as explained in the "Significant accounting policies" section.

The accounting policies adopted to prepare these consolidated financial statements at 31 December 2022 are the same as those used in 2021, considering that reported in note 2.4 “New standards, amendments and interpretations”.

In 2022, the Pininfarina Group launched a project to analyse and revisit its financial reporting in order to bring it closer into line with its stakeholders’ expectations. The project involved both the primary financial statements and the notes. It considered the concept of materiality to define a new way of presenting financial figures without making substantial changes, with a view to providing a more immediate understanding of the group’s performance and events of the year.

In accordance with IAS 1 - Presentation of financial statements, the consolidated financial statements have the same basis of presentation as that of the parent. They include the following:

- statement of financial position, in which current and non-current assets and liabilities are classified separately;

- statement of profit or loss and statement of comprehensive income, shown as two separate schedules in which costs are classified by nature;

- statement of cash flows, presented in accordance with the indirect method, as allowed by IAS 7 - Statement of cash flows;

- statement of changes in equity;

- notes to the consolidated financial statements.

These schedules present the corresponding prior year annual or interim figures for comparative purposes. Should changes be made to better present the Group’s financial position, financial performance and cash flows, the comparative figures are reclassified accordingly to ensure comparability.

Moreover, as required by Consob resolution no. 15519 of 28 July 2006, the Group presents the following information in separate schedules:

- net financial position, with a breakdown of the main components and balances with related parties (note 38);

- the effects of non-recurring events or transactions, i.e., those transactions or events that are not repeated frequently in the normal course of business (note 38).

Related party transactions are presented separately in the statements of financial position and of profit or loss and specific disclosure is provided in note 35.

**Going concern**

The performance of the markets in which the Group operates, already adversely affected by the continuation of the negative economic cycle of the global automotive industry, was hit by the uncertain growth outlook caused by the war in Ukraine and a delay in the recovery of some markets due to the lingering effects of the Covid-19 pandemic.

With reference to the latter issue, the Group was affected by a strong contraction in its operations in China during 2022, as a result of the stringent regulations against the spread of the infection adopted in that country until the end of the year.

In addition, the Group met the challenges posed by the technological change that is affecting the mobility and other sectors, envisaging the possibility of offering traditional services combined with digital experiences.

However, the Group’s focus on the pursuit of its growth objectives remains unchanged:

- maintaining an appropriate level of liquidity for the Group’s requirements;

- protecting the capitalisation level required by the law and bank agreements;

- creating the conditions for restoring steady profitability.

The Group’s net financial position amounted to €1.3 million at the reporting date, comprising cash and cash equivalents of €22.8 million, loans and borrowings of €17.3 million, whose current portion amounts to €3.6 million, and bank overdrafts of €2.2 million relating to the German subsidiary’s factoring agreements. According to the cash flow forecasts for the 12 months after the reporting date prepared by the directors, including the future cash inflows of about €4 million arising from the sale of the San Giorgio Canavese facility, the parent's and Group's financial resources at the reporting date should be adequate to cover their expected operating requirements, as well as the outlays necessary to complete the winding up procedure of Pininfarina Engineering S.r.l. in liquidation and to repay the current portion of loans and borrowings when they become due.

In order to comply with the requirements of the Italian Civil Code governing share capital protection, the parent must monitor its equity at consolidation level closely. Indeed, the only financial covenant provided for by the existing debt restructuring agreement is a minimum level of €30 million (this is checked on 31 March every year and had been complied with at 31 March 2022). Considering the Group's performance in the first few months of 2023, there are no reasons to believe that compliance with the financial covenant at the next assessment date of 31 March 2023 is at risk. The Mahindra Group has provided a surety that is enforceable if the parent fails to meet its obligations under the rescheduling agreement and ensured its financial support as part of the capital increase transaction executed in 2021.

In order to tackle their performance issues and return to a profit-making position, considering the currently foreseeable outlook and in line with the actions taken in previous years, the parent and the Group will continue implementing measures to contain overheads and enhance the management of direct and indirect personnel, in order to improve their operating profitability, especially in Germany and China. The winding up of the subsidiary Pininfarina Engineering S.r.l. in liquidation is nearing completion, which is expected to happen before the end of 2023.

Moreover, the Group is constantly committed to identifying and developing new commercial projects to better tailor its services to the continuous changes in market demand, also in terms of technology and sustainability.

Despite the persisting uncertainties, business opportunities and prices offered were stable, in line with the trend envisaged by the directors for this year.

During 2022, the Group's operating profit margin did not meet expectations since Pininfarina Deutschland and Pininfarina Shanghai did not perform as expected. In this respect, the Group has taken steps to identify further actions aimed at recovering profitability in their target markets.

After having checked the 2023 financial projections (which do not include any adverse effect on total revenue directly related to the Covid-19 pandemic) and the refocusing actions identified by the Group, the directors believe that the Group's restructuring and refocusing process will still require significant efforts in terms of sales volumes, costs to win future contracts and cost containment.

According to the directors, given the performance reported for 2022, there continues to be significant uncertainty about the achievement of the production volumes and improved profitability goals. This is because they depend on a long-lasting recovery of the markets in which the Group and the parent operate over the next few years, especially the German and Chinese markets, as well as on the evolution of the costs to win future contracts and procurement costs to maintain the conditions for them to continue to be profitable and to meet the equity requirements provided for by the rescheduling agreement. Should their performance and, hence, their financial results fail to be in line with forecasts, the parent and the Group would have to seek alternative sources of financing and obtain new capital resources. This significant uncertainty may cast material doubts as to their ability to continue as going concerns.

Notwithstanding the above, the directors deem that suitable measures to limit operating cash outflows and all possible actions to contain costs and recoup volumes in all business segments have been successfully implemented. After having carried out all relevant checks and evaluated the above uncertainties, the directors reasonably expect that the parent and the Group have sufficient resources available to continue their operations for the foreseeable future. Due to the above reasons, the directors deem it correct to prepare this annual financial report on a going concern basis.

### 2.2 Basis of consolidation

**Consolidation scope**

**(a) Subsidiaries**

The consolidated financial statements include the parent's separate financial statements and the financial statements of its direct or indirect subsidiaries.

The Group controls an investee when it is exposed or has rights to variable returns from its involvement with the investee. The subsidiaries' financial statements are consolidated from the date the Group acquires control until such control ceases to exist.

They are consolidated on a line-by-line basis, whereby assets, liabilities, costs and revenues are recognised at their carrying amount, regardless of Group's investment percentage, and the non-controlling interests in the investees' equity and profit or loss for the year is presented separately.

Under this method, assets and liabilities and costs and revenue arising from intragroup transactions are eliminated, as are gains and losses on intragroup transfers of non-current assets, gains and losses on intragroup sales of goods that are recognised under inventories by the purchaser, impairment losses and gains on consolidated equity investments and intragroup dividends.

Changes in the Group's ownership interest in a subsidiary that do not result in it losing control of the subsidiary are equity transactions. The difference between the consideration paid and the acquired share of the subsidiary's equity is recognised as gains or losses arising from the sale of the interests to non-controlling investors as a balancing entry to equity attributable to the owners of the parent.

The subsidiaries' financial statements are suitably adjusted to comply with the Group's accounting policies.

**At 31 December 2022, the Group consolidated the following subsidiaries:**

| **Name** | **Registered office** | **Investment %** | **Held by** | **Currency** | **Share/quota capital** |
|---|---|---|---|---|---|
| Pininfarina of America Corp. | 501 Brickell Key Drive, Suite 200, Miami FL 33131 US | 100% | Pininfarina S.p.A. | USD | 10,000 |
| Pininfarina Engineering S.r.l. in liquidation | Via Raimondo Montecuccoli 9, Turin, Italy | 100% | Pininfarina S.p.A. | EUR | 100,000 |
| Pininfarina Deutschland GmbH | Frankfurter Ring 81, Munich, Germany | 100% | Pininfarina Engineering S.r.l. in liquidation | EUR | 3,100,000 |
| Pininfarina Shanghai Co. Ltd | Unit 1, Building 3, Lane 56, Antuo Road, Anting, 201805, Jiading district, Shanghai, China | 100% | Pininfarina S.p.A. | CNY | 3,702,824 |

The reporting date of the subsidiaries is the same as that of the parent, Pininfarina S.p.A.

At their meeting of 26 October 2020, Pininfarina Engineering S.r.l.'s quotaholders resolved to wind it up. This procedure is expected to be completed during 2023.

**(b) Associates**

An associate is an entity over which the Group has significant influence, which is presumed to exist when it holds between 20% and 50% of its voting power. Investments in associates are initially recognised at cost and are subsequently measured using the equity method described below.

Where necessary, the carrying amount of these equity investments is brought into line with their adjusted equity to reflect the application of the IFRS. It comprises the higher values allocated to assets and liabilities and any goodwill identified upon acquisition.

The Group's share of the associates' profit or loss is recognised from the date on which the Group commences to exercise significant influence up to when such significant influence ceases to exist.

The Group's share of unrealised profits or losses arising from transactions between the parent or one of its subsidiaries and an equity-accounted investee is eliminated. Unrealised losses are eliminated except when they reflect an impairment loss.

**The Group had the following associates at 31 December 2022 and 2021:**

| Name | Registered office | Investment % | Held by | Currency | Quota capital |
|---|---|---|---|---|---|
| Goodmind S.r.l. | Corso Vittorio Emanuele II 12, Turin, Italy | 20% | Pininfarina S.p.A. | EUR | 20,000 |
| Signature S.r.l. | Via Paolo Frisi 6, Ravenna, Italy | 24% | Pininfarina S.p.A. | EUR | 10,000 |

The reporting date of the associates is the same as that of the parent, Pininfarina S.p.A.

**(c) Other companies**

Investments in other companies are recognised as financial assets at fair value. Any resulting fair value gains or losses are recognised in equity and are not reclassified to profit or loss when the equity investments are sold or an impairment loss is recognised thereon. Any dividends received from these investees are immediately recognised in profit or loss.

**(d) Changes in the consolidation scope**

There were no changes in the consolidation scope during the year.

On 29 April 2022, the merger between the operating company Pininfarina Deutschland GmbH and Pininfarina Deutschland Holding GmbH was filed with the company registrar of Munich (Germany). The merger took retroactive accounting and tax effect as from 1 January 2022 and did not affect these consolidated financial statements.

**Translation of foreign currency captions**

**(a) Presentation currency and translation of financial statements denominated in currencies other than the Euro**

The Group's presentation currency is the Euro.

The table below lists the exchange rates used to translate financial statements denominated in functional currencies different from the presentation currency:

| Currency | Average exchange rate | | | Closing rate | | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | Variation | 31/12/2022 | 31/12/2021 | Variation |
| US dollar - USD | 1.05 | 1.18 | (11%) | 1.07 | 1.13 | (6%) |
| Chinese renminbi (yuan) - CNY | 7.08 | 7.63 | (7%) | 7.36 | 7.19 | 2% |

**(b) Foreign currency assets, liabilities and transactions**

Transactions carried out in currencies other than the Euro are initially translated at the exchange rate in force on the date of the transaction.

At the reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated into Euros at the closing rate. All resulting exchange gains and losses are recognised in profit or loss, except for those stemming from foreign currency loans that hedge investments in foreign operations, which are recognised directly in equity, net of the related tax effects. When the equity investment is sold, the accumulated translation differences are reclassified to profit or loss.

Non-monetary items that are carried at historical cost are translated into Euros at the exchange rate in force when the underlying transaction was initially recognised. Non-monetary items that are carried at fair value are translated into Euros at the exchange rate in force on the measurement date.

None of the group companies operate in a hyperinflationary economy.

## 2.3 Significant accounting policies

### Property, plant and equipment

Property, plant and equipment and other items used in production are recognised at purchase or production cost, net of accumulated depreciation and impairment losses (if any), except for land, which is not depreciated.

The cost includes all purchase-related outlays, i.e., those incurred to bring the asset to the place and conditions necessary for its operation.

Depreciation of buildings and other generic assets is calculated on a straight-line basis, in order to allocate their residual carrying amount over their estimated useful life.

The depreciation rates applied to each asset category are set out below:

| **Category** | **Useful life (years)** | |
|---|---|---|
| | **Bairo and San Giorgio facilities** | **Other facilities** |
| Land | Indefinite | Indefinite |
| Buildings | 50 | 33 |
| Machinery | 20 | 5/10 |
| Plant | 20 | 10 |
| Furniture and fixtures | 10 | 8 |
| IT equipment | - | 5 |
| Other, including vehicles | - | 5 |

Land is recognised separately and is not depreciated but tested for impairment whenever the Group identifies indicators that the carrying amount exceeds the recoverable amount. Subsequent costs are capitalised only if it is probable that they will generate future economic benefits and their amount can be determined reliably. Gains and losses on the sale, calculated as the difference between the asset's carrying amount and sales price, are recognised in profit or loss. In these notes, impairment losses mean the amounts recognised to adjust the assets' carrying amounts to their recoverable amount.

Government grants

Government grants are recognised at fair value only if the Group is reasonably certain that they will be disbursed and has met all conditions for their collection. They are recognised as revenue in proportion to the costs incurred. As required by paragraph 17 of IAS 20 - Accounting for government grants and disclosure of government assistance, grants related to assets are recognised as deferred income and reclassified to profit or loss in line with the depreciation pattern of the related asset.

### Leases

At inception of a contract, the Group assesses whether a contract is or contains a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Model for lessees

In accordance with IFRS 16, as a lessee, the Group recognises a right-of-use asset at the commencement date (the date on which the underlying asset is available for use). The right-of-use asset is measured at cost, less any accumulated amortisation/depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The cost of a right-of-use asset includes the lease liability, the initial direct costs incurred and any lease payments made at or before the commencement date, less any lease incentives received.

The right-of-use assets are amortised/depreciated on a straight-line basis from the commencement date over their useful life or until the end of the lease term, if earlier. If their ownership is transferred to the Group at the end of the lease term or, considering the cost of the right-of-use assets, it is expected that the Group will exercise a purchase option, the right-of-use assets are amortised/depreciated from the commencement date to the end of their useful life.

In line with IFRS 16, as a lessee, the Group recognises its lease liabilities separately under financial liabilities at the present value of the lease payments that are not paid at the commencement date. The lease payments include fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be payable under residual value guarantees. They also include the exercise price of a purchase option if the Group is reasonably certain to exercise that option.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. It recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Model for lessors

As a lessor, at inception of the lease, the Group determines whether each lease is a finance lease or an operating lease. If the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset, the lease is classified as a finance lease; if not, it is an operating lease. As part of this assessment, the Group considers certain indicators provided by IFRS 16. If a contract contains lease and non-lease components, the Group applies IFRS 15 to allocate the contract consideration. The Group recognises the lease payments from operating leases as income on a straight-line basis over the lease term under “Other revenue and income”.

**Intangible assets**

The Group recognises an intangible asset only if it is an identifiable and controllable asset which is expected to generate future economic benefits and its cost can be measured reliably.

Intangible assets with a finite useful life are measured at acquisition, production or appraised cost, less any accumulated amortisation and impairment losses. They are amortised over their estimated useful life and amortisation commences when an asset is available for use. Their useful life is reassessed annually and any changes thereto are made prospectively.

Intangible assets with an indefinite useful life are not amortised, but are tested for impairment annually, or more frequently where necessary, even when there are no indicators of impairment. The test is performed at the level of the cash-generating unit (CGU) to which the intangible asset is allocated.

Intangible assets with a finite useful life

**(a) Software and other licences**

Software and other similar licences are recognised as assets at cost, including the costs incurred to ready them for use. They are amortised over their estimated useful life, which ranges between three and five years. Costs incurred to maintain software programs are immediately recognised in profit or loss. Those incurred to develop identifiable software that is controlled by the Group, which is very likely to produce future economic benefits exceeding the costs incurred, if any, are recognised as intangible assets and amortised over their useful life, which does not exceed three years.

**(b) Research and development expenditure**

Research expenditure, as defined by IAS 38 - Intangible assets, is expensed when incurred.

Development expenditure is recognised as an intangible asset only if it can be measured reliably and if it is probable that the related project is likely to be successful, with reference to its technical feasibility, the availability of financial resources to complete it and its commercial penetration. Development expenditure that does not meet these requirements is expensed when incurred. This expense is never reclassified as an asset in subsequent years, if the requirements for its recognition as an asset are met after it is recognised in profit or loss. Development expenditure is amortised from when the related output is marketed over the estimated period during which it will generate economic benefits, which can never exceed five years. It is tested for impairment when the Group identifies indicators that its carrying amount exceeds its recoverable amount. The Group carries out development projects on behalf of third parties as part of both design, engineering and car manufacturing contracts and solely design and engineering contracts. Development expenditure incurred as part of design and engineering contracts sold to third parties is classified as a contractual cost under IFRS 15 and, accordingly, no intangible asset is recognised.

**(c) Other intangible assets**

Other intangible assets acquired separately are recognised at cost. Those acquired as a result of a business combination are recognised at their acquisition-date fair value. Their useful life is checked at least annually. Where possible, any changes are made prospectively pursuant to paragraphs from 32 to 38 of IAS 8 - Accounting policies, changes in accounting estimates and errors.

**Impairment of non-financial assets**

Intangible assets with an indefinite useful life, including goodwill, are tested for impairment at least annually and whenever there are indicators of impairment. Property, plant and equipment and intangible assets with a finite useful life are tested for impairment only if the Group identifies indicators that their carrying amount may exceed their recoverable amount. The recoverable amount is the higher of an asset's (or cash-generating unit's) fair value less costs to sell and its value in use, which is calculated as the present value of the future cash flows expected to be derived from an asset, to be based on reasonable and supportable assumptions that represent management's best estimate of the future economic conditions. The discount rate used reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. This rate for the Group is the weighted average cost of capital ("WACC").

When the carrying amount of an asset exceeds its recoverable amount, the Group recognises the difference as an impairment loss in profit or loss. If the reasons for the impairment loss no longer exist in future years, the impairment loss is reversed to the extent of the pre-impairment carrying amount, less amortisation/depreciation. Impairment losses on goodwill can never be reversed. Cash-generating units are identified in line with the Group's organisational structure and business, by grouping those assets that are able to generate cash inflows independently, as required by IAS 36 - Impairment of assets; they are not larger than the two operating segments identified under IFRS 8 - Operating segments: 1) design; 2) engineering (see note 4). In assessing the recoverable amount for impairment testing purposes, the Group makes reference to the fair value of owned real estate complexes, measured using the market valuations available at the Public Real Estate Registry Office and possibly appraisals prepared by independent experts.

**Inventories**

Inventories are recognised at the lower of cost and net realisable value, which is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Under IAS 2 - Inventories, the cost is calculated using the FIFO ("first-in first-out") method. The cost of finished goods and semi-finished products includes design, raw materials and direct labour costs, other direct costs and other indirect costs that can be directly allocated to the production activity based on normal production capacity. This cost does not include borrowing costs. Based on the assets' expected future use and net realisable value, materials, finished goods, spare parts and other obsolete or slow-moving items are written down through an allowance account. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Financial assets and liabilities**

The Group initially measures financial assets at fair value plus, except in the case of financial assets at fair value through profit or loss, transaction costs.

IFRS 9 classifies financial assets into three main categories: at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL).

The classification is based on either the business model adopted by the Group to manage the asset or the SPPI (solely payments of principal and interest) test, if the financial instruments' contractual cash flows solely comprise payments of principal and interest.

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Trade receivables and payables

Trade receivables and other assets are measured at amortised cost, using the effective interest method, adjusted by impairment losses, except for assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (hold to collect and sell model).

Such assets are measured at fair value through other comprehensive income. Impairment losses are recognised using the simplified approach provided for by IFRS 9, by calculating the assets' lifetime expected credit losses.

Trade payables and other financial liabilities are initially recognised at fair value, less directly attributable transaction costs. They are subsequently measured at amortised cost, using the effective interest method. Foreign currency items are translated into Euros at the closing date and any resulting exchange gains or losses are expensed.

Financial liabilities: classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**Cash and cash equivalents**

Cash and cash equivalents include cash-in-hand, on-demand bank deposits and other investments that may be sold within three months.

**Non-current assets held for sale**

Non-current assets, together with current and non-current assets included in disposal groups, whose carrying amount will be recovered through their sale rather than continuing use, are classified as held for sale. Assets held for sale and directly-associable liabilities are classified in the statement of financial position separately from the Group's other assets and liabilities, in accordance with IFRS 5 - Non-current assets held for sale and discontinued operations. Assets held for sale are not amortised or depreciated and are measured at the lower of their carrying amount and fair value less costs to sell. Any difference between the carrying amount and fair value less costs to sell is recognised in profit or loss as an impairment loss. Any subsequent improvement in fair value less costs to sell is recognised as a reversal to the extent of the impairment losses previously recognised, including those recognised prior to the classification of the asset as held for sale.

**Employee benefits**

**(a) Pension plans**

The Pininfarina Group's employees participate in defined contribution plans and defined benefit plans. The latter are a portion of the Italian post-employment benefits provided for by article 2120 of the Italian Civil Code and, therefore, do not have any plan assets. Defined contribution plans are formalised plans for post-employment benefits that require the Group to pay contributions to an insurance company or a pension fund. By doing this, the Group does not have any other legal or constructive obligation to pay additional contributions should the fund not have sufficient resources to pay all benefits accrued by employees over their current and past service periods when the benefits become due. These contributions paid in exchange for the service rendered by employees are recognised as an expense on an accruals basis. This category includes the payments made to the Cometa and Previp funds.

The Group calculates the present value of the plan liability and the service cost of defined benefit plans using the projected unit credit method, based on the actuarial calculation that uses demographic (mortality rate and turnover) and financial (discount rate and future salary and benefit increases) variables. The post-employment benefits of the Group's Italian employees are classified as follows pursuant to IAS 19 - Employee benefits:

- defined benefit plan for the portion vested prior to enactment of the Finance Act (Law no. 296 of 27 December 2006) and related implementing decrees;

- defined contribution plan for the portion accrued thereafter.

At the annual and half year reporting dates, the Group calculates the benefits using an actuarial valuation. The accumulated actuarial losses and gains arising from changes in estimates are recognised in a specific caption of comprehensive income. Any curtailment or extinguishment of a plan liability is immediately recognised in profit or loss.

**(b) Incentives, bonuses and profit-participation plans**

The Group recognises a cost and a liability for its obligations for incentives, bonuses and profit-participation plans. The liability is recognised when the Group has a legal or constructive obligation and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**(c) Termination benefits**

The Group recognises a liability and personnel expense when it is demonstrably committed to terminating the employment of an employee or group of employees before the normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. The Group is demonstrably committed to a termination when, and only when, it has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

**Share-based payments**

The Group has granted additional benefits to its key management personnel in the form of equity-settled share based plans (e.g., stock options). Under IFRS 2 - Share-based payment, the fair value of the stock options calculated at the grant date using the Black & Scholes method is recognised as personnel expense in profit or loss on a straight-line basis over the vesting period, with a balancing entry recognised in equity.

When the options are exercised, the amounts received from employees, net of directly attributable transaction costs, increase the share capital to the extent of the nominal amount of the issued shares. The remainder increases the share premium reserve.

**Provisions for risks and charges, contingent liabilities**

The provisions for risks and charges include specific costs and losses whose existence is certain or probable but whose amount or due date is unknown at the reporting date. Provisions are recognised when all the following conditions are met: (i) the Group has a present obligation (legal or constructive) as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; (iii) a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation or transfer it to third parties at the reporting date. The Group recognises expected restructuring costs when a restructuring plan is formalised only if it has raised a valid expectation in those affected that it will carry out the restructuring. The liability accrued in the provisions for risks and charges is regularly adjusted for changes in estimated costs, expected timing and discount rates. Changes in estimates of provisions are recognised in the same caption of the statement of profit or loss as the related addition.

Disclosures about contingent liabilities, i.e.: (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; (ii) a present obligation that arises from past events, whose amount cannot be measured reliably or whose settlement will probably not require an outflow of resources embodying economic benefits are provided in the notes.

**Revenue from sales and services**

Revenue is measured based on the consideration specified in a contract with a customer.

The Group recognises revenue when it transfers control over a good or service to a customer.

In its contracts with customers, the Group has identified the following performance obligations:

**(a) Design, engineering and operations services and (b) Architecture and design services**

Design services are tailored to a customer's specifications and if a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred up to the termination date, including a reasonable margin.

Invoices are issued according to contractual terms and are usually payable within 30 days. Uninvoiced amounts are presented as contract assets.

Revenue and associated costs are recognised over time - i.e., before the services are made available to the customers. Progress is determined based on the cost-to-cost method.

**(c) Royalties**

Royalties are substantially related to the licence to use the Pininfarina trademark on design products the Group manufactures. Even though customers do not control the trademark, they benefit therefrom. This shared benefit led the Group to believe that this is a “right to access” rather than a “right to use” the trademark and, therefore, the related revenue is recognised over time.

**(d) Lease income**

Lease income arises from services whereby the customer simultaneously receives and uses the related benefits as the Group provides them. Accordingly, the related revenue is recognised over time.

**(e) Other minor**

The Group determines whether it is more appropriate to recognise revenue from other minor performance obligations over time or at a point in time on a case-by-case basis.

Incremental costs of obtaining a contract

The Group recognises the incremental costs of obtaining a contract with a customer as an asset if it expects to recover those costs.

The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, a sales commission).

As a practical expedient, the Group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

An asset recognised for incremental costs of obtaining a contract is amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Contract assets and liabilities

The Group presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the performance carried out and the customer’s payment. It presents any unconditional rights to consideration separately as a trade receivable.

If the Group performs an obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, it presents the contract as a contract asset, excluding any amounts presented as a trade receivable. A contract asset is the Group’s right to consideration in exchange for goods or services that it has transferred to a customer. The Group assesses a contract asset for impairment in accordance with IFRS 9.

If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional (i.e., a receivable), before the Group transfers a good or service to the customer, it presents the contract as a contract liability when the payment is made or the payment is due (whichever is earlier). A contract liability is the Group’s obligation to transfer goods or services to a customer for which it has received consideration (or an amount of consideration is due) from the customer.

**Current taxes**

Current taxes are recognised by each group company on the basis of their estimated taxable profit using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date, taking into account any domestic tax consolidation arrangements, applicable exemptions and tax assets.

**Dividend distribution**

The Group recognises a liability for dividends to be distributed when the distribution has been approved by the shareholders.

**Earnings or losses per share**

Basic earnings or losses per share are calculated by dividing the profit or loss for the year attributable to the owners of the parent’s ordinary shares by the weighted average number of ordinary shares outstanding during the year. Diluted earnings or losses per share are derived by adjusting the weighted average number of outstanding shares for all potential ordinary shares with a dilutive effect.

## 2.4 New standards, amendments and interpretations

**Standards, amendments and interpretations applicable from 1 January 2022**

On 14 May 2020, the IASB issued the following amendments:

- Reference to the Conceptual framework (Amendments to IFRS 3): the purpose of the amendments is to update the reference to the revised Conceptual framework in IFRS 3, without altering the requirements of the standard.

- Proceeds before intended use (Amendments to IAS 16): the purpose of the amendments is to prohibit the deduction of any proceeds from selling items produced in the testing phase from the cost of an item of property, plant and equipment. These sales proceeds and related costs are, therefore, to be recognised in profit or loss.

- Onerous contracts - Cost of fulfilling a contract (Amendments to IAS 37): the amendments specify that the cost of fulfilling a contract comprises all costs that relate directly to the contract. Therefore, for the purpose of assessing whether a contract is onerous, these costs can either be incremental costs of fulfilling that contract (e.g., materials used in production) or the unavoidable costs of meeting the contractual obligations (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

- Annual Improvements to IFRS Standards (2018-2020 cycle): the amendments relate to IFRS 1 - First-time adoption of International Financial Reporting Standards, IFRS 9 - Financial instruments, IAS 41 - Agriculture and the illustrative examples of IFRS 16 - Leases.

  The adoption of these amendments did not affect the Group's consolidated financial statements.

**New standards, amendments and interpretations endorsed by the European Union but not yet mandatorily applicable and not applied early by the Group at the reporting date**

On 18 May 2017, the IASB published IFRS 17 - Insurance contracts which will replace IFRS 4 – Insurance contracts. The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations arising from insurance contracts issued. The standard's effective date is 1 January 2023 and its early application is permitted for entities that apply IFRS 9 - Financial instruments and IFRS 15 - Revenue from contracts with customers. The directors do not expect that the new standard will affect the Group's consolidated financial statements.

The IASB issued "Amendment to IFRS 17 - Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information" on 9 December 2021. The amendment adds a new transition option for the presentation of comparative information on financial assets on the initial application of IFRS 17. It aims at avoiding temporary accounting mismatches between financial assets and insurance contract liabilities, thus improving the usefulness of comparative information for users of financial statements. Its effective date is 1 January 2023 and its early application is permitted. The directors do not expect that it will significantly affect the Group's consolidated financial statements.

On 12 February 2021, the IASB published two amendments, namely "Disclosure of accounting policies - Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of accounting estimates - Amendments to IAS 8". The changes are intended to improve the disclosure of accounting policies so as to provide more useful information to investors and other primary users of financial statements as well as to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments' effective date is 1 January 2023 and their early application is permitted. The directors do not expect that they will significantly affect the Group's consolidated financial statements.

On 7 May 2021, the IASB issued "Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)" to specify how companies should account for deferred tax on transactions that may generate assets and liabilities of the same amount, such as leases and decommissioning obligations. Their effective date is 1 January 2023 and their early application is permitted. The directors do not expect that they will significantly affect the Group's consolidated financial statements.

**New standards, amendments and interpretations not yet endorsed by the European Union**

At the reporting date, the European Union's competent bodies had not yet completed the endorsement process for the adoption of the following amendments and new standards.

On 23 January 2020 and 31 October 2022, the IASB published "Classification of liabilities as current or non-current (Amendments to IAS 1)" and "Non-current liabilities with covenants (Amendments to IAS 1)", respectively. They clarify how an entity classifies financial and other liabilities as current or non-current. Their effective date is 1 January 2024 and their early application is permitted. The directors do not expect that they will significantly affect the Group's consolidated financial statements.

On 22 September 2022, the IASB published "Lease liability in a sale and leaseback (Amendments to IFRS 16)", which require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. Their effective date is 1 January 2024 and their early application is permitted. The directors do not expect that they will significantly affect the Group's consolidated financial statements.

## 3 - USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES

### Recoverable amount of property, plant and equipment and intangible assets

The Group regularly checks the carrying amount of its property, plant and equipment and intangible assets that it owns and uses and any assets held for sale whenever there is a trigger event.

Testing non-current assets for impairment is usually performed by estimating the cash flows expected from the use or the sale of the assets, which are suitably discounted to their present value.

The estimates and assumptions underlying these tests are based on the Group's current understanding of the development of the various business sectors in which it operates and on reasonable expectations of future market developments, which are subject to an inherent degree of uncertainty, including as a result of the persisting financial crisis and its effects on the international macroeconomic scenario. Even though the Group does not currently estimate that its non-current assets have incurred impairment losses other than those recognised in the consolidated financial statements, possible different developments of the economic conditions or different performances achieved by the group companies may result in amounts different to those originally estimated and in the recognition of impairment losses on certain non-current assets.

Reference should be made to note 4 for disclosures on the identified CGUs and to note 5 for information on estimated recoverable amounts and related impairment tests.

### Deferred taxes

Deferred tax assets and liabilities are measured on the basis of the Group's expectations on how the carrying amount of its assets will be recovered, considering, in particular, the probability that it will earn future taxable profits. Deferred tax assets and liabilities are measured on the basis of tax rates that are expected to be applicable when the assets will be realised or the liabilities will be extinguished, therefore based on tax rates or changes to tax laws that have been enacted by the reporting date.

### Contract assets and liabilities

Given the business sectors in which it operates, the Group recognises contract costs and revenue using the percentage of completion method. Contract profits and losses are recognised in profit or loss on the basis of both the stage of completion of the contract and the profits or losses expected over the entire life of the contract until its completion. Accordingly, in order to accurately recognise contract work in progress and profits or losses on works or services not yet completed, management is required to estimate the costs to complete contracts, contract variations, delays, extra costs and fines that may affect expected profitability. In order to support these management estimates, the Group uses contract risk management and analysis methods to identify, monitor and quantify risks related to the performance of such contracts. The amounts recognised in the consolidated financial statements are management's current best estimates made using the above-mentioned methods.

### Recoverability of trade receivables

The loss allowance covers the estimated credit losses on the Group's trade receivables. The group estimates the necessary impairment losses on the basis of historical trends for trade receivables with a similar credit risk, current and historical past due amounts, write-offs and collections, as well as the careful monitoring of credit quality and current and expected conditions of the economy and reference markets. The loss allowance is proportionate to the size of both the specific risks of individual positions and a generic default risk of the overall trade receivables, prudently estimated by considering past losses and the perceived credit standing of customers in general.

The carrying amounts of trade receivables from customers that are or have recently been affected by geopolitical or financial tensions are the current best estimate made by management with the support of its legal experts, taking into account the solvency of said customers.

### Additions to the provisions for risks and charges and contingent liabilities and contingent assets

Provisions for risks and charges are liabilities whose due date and amount are uncertain. The directors measure them based on the estimated costs to be incurred to extinguish the obligation at the reporting date.

Contingent liabilities and assets are not recognised in the consolidated financial statements in accordance with paragraphs 27 and 31, respectively, of IAS 37 - Provisions, contingent liabilities and contingent assets.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is an unrecognised possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Where necessary, the directors make their estimates with the assistance of their legal advisors and experts.

**Italian post-employment benefits**

Following the supplementary pension reform, the portion of Italian post-employment benefits vested before 1 January 2007 is considered to be a defined benefit under IAS 19 - Employee benefits. Under defined benefit plans, the amount of the benefit due to the employee upon termination of employment depends on different factors, such as age, seniority and remuneration. Despite being prudently estimated and based on internal historical figures, these estimated parameters may be subject to change.

The directors estimated the post-employment benefit obligation assisted by an independent expert included in the Italian Actuary Register.

## 4 - SEGMENT REPORTING

**Identification of reportable segments**

Operating segments are identified on the basis of the elements that the Group's chief operating decision maker uses to make decisions about resources to be allocated to the segments and assess their performance.

Based on the above, the Group has identified two operating segments, the design and the engineering segments.

**Design segment**

In addition to the revenue from the automotive and non-automotive design activities of all kinds, this segment includes revenue from architecture services, royalties for the use of the Pininfarina trademark, revenue from aerodynamic and aeroacoustics services and the costs arising from the parent's property management.

The CGUs and assets comprised in the design segment are as follows:

- other design activities: all other activities related to the design segment, currently carried out by Pininfarina S.p.A.. Goodwill was allocated to this CGU;
- Pininfarina Shanghai Co. Ltd;
- Pininfarina of America Corp.;
- the wind tunnel;
- the building and other assets related to the Bairo Canavese production facility, which still has to be repurposed for production after the termination of a business lease on 31 December 2019;
- the building and other assets related to the San Giorgio production facility, currently idle; in July 2022, the Group received an expression of interest for a consideration which is substantially in line with its carrying amount and its sale should be completed during 2023;
- other minor buildings.

**Engineering segment**

This segment groups the automotive engineering services and comprises the engineering Germany CGU, which is made up of the German subsidiary Pininfarina Deutschland GmbH.

The Group's business segments are not affected by seasonal factors.

The Group assesses the performance of its operating segments and allocates financial resources thereto on the basis of their revenue and operating profit or loss.

**Segment reporting for 2022 and 2021 is set out below:**

| **(€'000)** | **2022** | | |
|---|---|---|---|
| | **Design** | **Engineering** | **Total** |
| Revenue from sales and services | **61,096** | **14,951** | **76,047** |
| (Intra-segment revenue from sales and services) | **(3,789)** | **(36)** | **(3,825)** |
| **Revenue from sales and services - third parties** | **57,307** | **14,915** | **72,222** |
| Other revenue and income | **366** | **181** | **547** |
| **Total revenue** | **57,673** | **15,096** | **72,769** |
| Amortisation and depreciation | **(3,040)** | **(789)** | **(3,829)** |
| Net decreases in provisions for risks and charges | **61** | **-** | **61** |
| Net impairment losses on trade receivables and other assets | **(151)** | **(40)** | **(191)** |
| Net reversals of impairment losses on property, plant and equipment, intangible assets and right-of-use assets | **-** | **-** | **-** |
| **Operating loss** | **(704)** | **(2,484)** | **(3,188)** |
| Net financial expense | | | **(1,512)** |
| Share of profit of equity-accounted investees | | | **39** |
| Income taxes | | | **(340)** |
| **Loss for the year** | | | **(5,001)** |

| **(€'000)** | 2021 | | |
|---|---|---|---|
| | Design | Engineering | Total |
| Revenue from sales and services | 54,254 | 16,658 | 70,912 |
| (Intra-segment revenue from sales and services) | (4,111) | (541) | (4,652) |
| **Revenue from sales and services - third parties** | 50,143 | 16,117 | 66,260 |
| Other revenue and income | 233 | 348 | 581 |
| **Total revenue** | 50,376 | 16,465 | 66,841 |
| Amortisation and depreciation | (2,243) | (857) | (3,100) |
| Net decreases in provisions for risks and charges | 319 | 2,417 | 2,736 |
| Net impairment losses on trade receivables and other assets | (449) | (43) | (492) |
| Net reversals of impairment losses on property, plant and equipment, intangible assets and right-of-use assets | 2,674 | - | 2,674 |
| **Operating profit** | 2,576 | 1,494 | 4,070 |
| Net financial expense | | | (1,459) |
| Share of profit of equity-accounted investees | | | 29 |
| Income taxes | | | (193) |
| **Profit for the year** | | | 2,447 |

Intra-segment transactions are carried out at market conditions.

A breakdown of revenue and non-current assets (excluding financial assets and deferred tax assets) by geographical segment is as follows:

| | **2022** | **31 December 2022** | 2021 | 31 December 2021 |
|---|---|---|---|---|
| (€'000) | **Revenue from sales and services** | **Non-current assets** | Revenue from sales and services | Non-current assets |
| Italy | **7,270** | **33,762** | 7,820 | 40,564 |
| EU | **25,009** | **1,953** | 24,106 | 2,715 |
| Non-EU countries | **39,943** | **468** | 34,334 | 564 |
| **Total** | **72,222** | **36,183** | 66,260 | 43,843 |

## 5 - PROPERTY, PLANT AND EQUIPMENT

The reporting-date carrying amount of property, plant and equipment is €32.5 million (€33.9 million at 31 December 2021) and it showed the following changes in the past two years:

| (€'000) | Land | Buildings | Machinery | Plant | Furniture and fixtures | IT equipment | Other assets | Assets under construction | Total |
|---|---|---|---|---|---|---|---|---|---|
| Historical cost | 12,002 | 65,003 | 7,081 | 86,418 | 4,029 | 7,168 | 1,280 | 85 | 183,066 |
| Accumulated depreciation and impairment losses | (6,636) | (42,476) | (7,004) | (82,310) | (3,480) | (7,022) | (1,185) | - | (150,113) |
| **Carrying amount at 31 December 2020** | **5,366** | **22,527** | **77** | **4,108** | **549** | **146** | **95** | **85** | **32,953** |
| | | | | | | | | | |
| **2021 changes** | | | | | | | | | |
| Additions | - | - | - | 254 | 47 | 409 | 18 | 24 | 752 |
| Net sales | - | - | - | (2) | (41) | - | - | - | (43) |
| Reclassifications | - | - | - | - | 10 | 54 | 13 | (77) | - |
| Depreciation | - | (1,054) | (10) | (675) | (106) | (92) | (63) | - | (2,000) |
| Net reversals of impairment losses | - | - | 1,284 | - | 188 | 498 | 368 | - | 2,338 |
| Other changes | - | - | - | - | (7) | (44) | (9) | - | (60) |
| **Closing carrying amount** | 5,366 | 21,473 | 1,351 | 3,685 | 640 | 971 | 422 | 32 | 33,940 |
| Historical cost | 12,002 | 65,003 | 7,081 | 86,670 | 4,031 | 7,631 | 1,294 | 32 | 183,712 |
| Accumulated depreciation and impairment losses | (6,636) | (43,530) | (5,730) | (82,985) | (3,391) | (6,660) | (872) | - | (149,804) |
| **Carrying amount at 31 December 2021** | **5,366** | **21,473** | **1,351** | **3,685** | **640** | **971** | **422** | **32** | **33,940** |

| (€'000) | Land | Buildings | Machinery | Plant | Furniture and fixtures | IT equipment | Other assets | Assets under construction | Total |
|---|---|---|---|---|---|---|---|---|---|
| **2022 changes** | | | | | | | | | |
| Additions | - | 14 | - | 458 | 6 | 285 | 36 | 336 | 1,135 |
| Net sales | - | - | - | (8) | - | (5) | (33) | - | (46) |
| Reclassifications | - | 3 | - | - | 6 | 8 | 1 | (18) | - |
| Depreciation | - | (1,054) | (226) | (668) | (141) | (384) | (48) | - | (2,521) |
| Net reversals of impairment losses/ (impairment losses) | - | - | - | - | - | - | - | - | - |
| Other changes | - | (3) | - | - | (5) | (4) | (7) | - | (19) |
| **Closing carrying amount** | **5,366** | **20,433** | **1,125** | **3,467** | **506** | **871** | **371** | **350** | **32,489** |
| Historical cost | 12,002 | 65,017 | 6,071 | 68,609 | 3,993 | 6,522 | 1,181 | 350 | 163,745 |
| Accumulated depreciation and impairment losses | (6,636) | (44,584) | (4,946) | (65,142) | (3,487) | (5,651) | (810) | - | (131,256) |
| **Carrying amount at 31 December 2022** | **5,366** | **20,433** | **1,125** | **3,467** | **506** | **871** | **371** | **350** | **32,489** |

Land and buildings include the carrying amounts of real estate complexes, comprising the production facilities located in Via Castellamonte 6, Bairo Canavese (TO) and Strada provinciale per Caluso, San Giorgio Canavese (TO), the design and engineering site in Via Nazionale 30, Cambiano (TO) and a property in Beinasco (TO).

The Bairo Canavese production facility has not been used since 31 December 2019, when its lease ended, and has a carrying amount of €11.2 million, including land and building of €10.5 million and plant and other items of €0.7 million. The Group compared its carrying amount to its fair value calculated considering the facility's December 2022 appraised value, which was found to be consistent with its carrying amount.

The San Giorgio Canavese production facility has not been used since the end of 2015. The Group compared its carrying amount of €3.9 million to its fair value calculated considering the facility's December 2022 appraised value, which was found to be consistent with its carrying amount. Therefore, the Group did not recognise an impairment loss, also given that, in July 2022, it received an expression of interest for a consideration which is substantially in line with its carrying amount and its sale should be completed during 2022, also considering the events after the reporting date described in note 32.

All land and buildings located in Italy are owned by Pininfarina S.p.A.

Plant and machinery at 31 December 2022 include plant and machinery based at the Cambiano facility, plant at the wind tunnel facility and plant located at the Bairo Canavese facility, which comprises electricity and heating systems. Additions to plant made during the year mainly relate to the upgrading of plant at the wind tunnel facility.

Additions to IT equipment for the year relate to the purchase of IT equipment for technological upgrading mainly carried out by the parent.

The other design activities CGU, which comprises the parent's net invested capital excluding the assets relating to Bairo Canavese and San Giorgio Canavese, the wind tunnel, the other minor buildings and equity investments, was tested for impairment and impaired in 2019 and 2020. The impairment losses were reversed in 2021.

The CGU's 2022 financial performance was better than that estimated when the impairment test that led to the reversal of impairment losses in 2021 was performed. The 2023 budget approved by the Board of Directors on 16 January 2023 confirms the projections used for impairment testing. The key drivers of this improvement were the new post-restructuring cost positioning, the streamlining of internal resources aimed at eliminating inefficiencies and better than expected market conditions.

The CGU's main assets are the Cambiano land and buildings and no goodwill is allocated to this CGU. A recent appraisal dated December 2022 confirmed that the total fair value of these assets is higher than the related carrying amounts. Accordingly, since they did not identify any indicators of impairment, the directors did not test the CGU for impairment.

Given their 2022 negative financial performance, the engineering Germany and the Pininfarina Shanghai Co. Ltd CGUs were tested for impairment, without identifying any impairment losses on their consolidated net assets, also considering their modest contribution to the consolidated figures (roughly €2 million and €0.2 million, respectively).The value in use of the CGUs in question was determined using the unlevered discounted cash flow method by determining the post-tax cash flow based on the 2023 budget and the 2024-2025 business plan approved by the Board of Directors on 16 January 2023, discounted using a WACC rate of 6.88% (engineering Germany) and 15.53% (Pininfarina Shanghai Co. Ltd). The growth rate used to calculate the terminal value of the engineering Germany CGU was equal to 0.7%, while that of the Pininfarina Shanghai Co. Ltd CGU was maintained at zero.

Cash flows were forecast by directors, based on reasonable and supportable assumptions that represent their best estimate of the future economic conditions. The discount rate used reflects current market assessments, the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

## 6 - RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### Right-of-use assets

The reporting-date carrying amount of right-of-use assets is €2.3 million (€3 million at 31 December 2021) and it showed the following changes in the past two years:

| (€'000) | Cars and other assets | Land and buildings | Total |
|---|---|---|---|
| **Carrying amount at 31 December 2020** | **109** | **3,448** | **3,557** |
| **2021 changes** | | | |
| Additions | 209 | 110 | 319 |
| Net sales | - | - | - |
| Reclassifications | - | 26 | 26 |
| Depreciation | (98) | (833) | (931) |
| Net reversals of impairment losses/(impairment losses) | - | - | - |
| Exchange differences and other changes | - | 1 | 1 |
| **Carrying amount at 31 December 2021** | **220** | **2,752** | **2,972** |
| **2022 changes** | | | |
| Additions | 285 | 68 | 353 |
| Net sales | - | - | - |
| Reclassifications | (20) | - | (20) |
| Depreciation | (157) | (819) | (976) |
| Net reversals of impairment losses/(impairment losses) | - | - | - |
| Exchange differences and other changes | 1 | 15 | 16 |
| **Carrying amount at 31 December 2022** | **329** | **2,016** | **2,345** |

This caption is required by IFRS 16 and shows the right to use the underlying assets as per the leases signed by the group companies, mainly buildings housing their offices.

### Lease liabilities

This caption of €2,591 thousand at 31 December 2022 (€3,340 thousand at 31 December 2021) is broken down by maturity bracket below:

| (€'000) | Carrying amount 31.12.2022 | Contractual cash flows | of which: due within one year | of which: due from one to five years | of which: due after five years |
|---|---|---|---|---|---|
| Lease liabilities | 2,591 | 2,819 | 1.403 | 1,416 | - |

The group's lease payments totalled €1,241 thousand in 2022.

### Amounts recognised in profit or loss

| (€'000) | 2022 | 2021 |
|---|---|---|
| Depreciation of right-of-use assets | **(976)** | (931) |
| Interest expense on lease liabilities | **(143)** | (173) |
| Impairment losses | **-** | - |
| Lease expenses for short-term leases or leases of low-value assets | **(72)** | (87) |
| **Total** | **(1,191)** | **(1,191)** |

**7 - INTANGIBLE ASSETS**

The reporting-date carrying amount of intangible assets is €0.7 million (€6.3 million at 31 December 2021) and it showed the following changes during the year:

| (€'000) | Licences | Other | Total |
|---|---|---|---|
| Historical cost | 7,393 | 8,191 | 15,584 |
| Accumulated amortisation and impairment losses | (7,393) | (2,601) | (9,994) |
| **Carrying amount at 31 December 2020** | **-** | **5,590** | **5,590** |
| **2021 changes** | | | |
| Additions | 441 | 31 | 472 |
| Net sales | - | - | - |
| Reclassifications | - | - | - |
| Amortisation | (57) | (55) | (112) |
| Net reversals of impairment losses | 326 | 10 | 336 |
| Exchange differences and other changes | - | - | - |
| **Closing carrying amount** | **710** | **5,576** | **6,286** |
| Historical cost | 7,833 | 8,223 | 16,056 |
| Accumulated amortisation and impairment losses | (7,123) | (2,646) | (9,769) |
| **Carrying amount at 31 December 2021** | **710** | **5,577** | **6,287** |
| **2022 changes** | | | |
| Additions | 160 | - | 160 |
| Net sales | - | - | - |
| Reclassifications | - | - | - |
| Amortisation | (278) | (54) | (332) |
| Net impairment losses | - | (5,450) | (5,450) |
| Exchange differences and other changes | - | - | - |
| **Closing carrying amount** | **592** | **73** | **665** |
| Historical cost | 7,993 | 2,773 | 10,766 |
| Accumulated amortisation and impairment losses | (7,401) | (2,700) | (10,101) |
| **Carrying amount at 31 December 2022** | **592** | **73** | **665** |

"Other" includes an asset recognised in 2018 in relation to an advisory services agreement that the parent signed in connection with a long-term engineering contract.The asset was recognised at an amount equal to the liability with the supplier (see note 17) discounted on the basis of the payment plan agreed with it. Since the engineering contract was suspended, the related asset's amortisation and contractual payments were also suspended. Given the tensions arising from the geopolitical scenario, which has deteriorated further due to the conflict in Ukraine, at the reporting date, the parent updated its recoverability analysis to take into account the changed environment. Since it believed that resumption of the above contract's activities was unlikely, it impaired the related intangible asset and equally remeasured its liability to the supplier, which is contractually subject to the collection of the engineering contract consideration. The related effects offset each other in the caption "Net reversals of impairment losses (impairment losses) on property, plant and equipment, intangible assets and right-of-use assets" (note 28).

## 8 - EQUITY-METHOD INVESTMENTS

Equity-method investments, which comprise investments in associates, are broken down below:

| (€'000) | Goodmind S.r.l. | Signature S.r.l. | Total |
|---|---|---|---|
| Opening investment % | 20% | 24% | |
| **Opening balance** | **135** | **509** | **644** |
| Net investments/(sales) | - | - | - |
| Net impairment gains | 18 | 21 | 39 |
| Other changes | - | 1 | 1 |
| **Closing balance** | **153** | **531** | **684** |
| Closing investment % | 20% | 24% | |

Goodmind S.r.l. provides communication services to companies and organisations.

Signature S.r.l. mainly operates in the stationery sector.

## 9 - INVESTMENTS IN OTHER COMPANIES

Investments in other companies of €400 thousand comprise the investment in the Maltese company Midi Plc (€399 thousand) and other minor equity investments.

## 10 - INVENTORIES

Inventories mainly consist of materials used for the production of cars and prototypes at the Cambiano facility, as well as Pininfarina-branded products and car spare parts manufactured by the Group, which are sold to carmakers.

The tables below show a breakdown of inventories and the allowance for inventory write-down:

| (€'000) | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Raw materials | **491** | 490 |
| Finished goods | **120** | 134 |
| (Allowance for raw material write-down) | **(269)** | (294) |
| **Total** | **342** | 330 |

The allowance for raw material write-down reflects the risk of obsolete and slow-moving items. It changed as follows over the past two years:

| (€'000) | 2022 | 2021 |
|---|---|---|
| **Opening balance** | **294** | 302 |
| Write-downs | **-** | 25 |
| Utilisations | **(25)** | (33) |
| **Closing balance** | **269** | 294 |

**11 - TRADE RECEIVABLES AND OTHER ASSETS**

Trade receivables are broken down below:

| (€'000) | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Italy | **1,981** | 1,734 |
| EU | **3,551** | 2,836 |
| Non-EU countries | **7,651** | 8,870 |
| (Loss allowance) | **(618)** | (714) |
| **Third parties** | **12,565** | 12,726 |
| **Related parties** | **604** | 591 |
| **Total** | **13,169** | 13,317 |

The Group's main counterparties are top carmakers with a high credit rating. Since the receivables are not covered by insurance policies, the Group's maximum exposure to credit risk is equal to the carrying amount of the receivables less the loss allowance.

Trade receivables are mostly denominated in Euros.

The decrease in the loss allowance is due to the reassessment of the impairment losses prudently recognised by Pininfarina Shanghai on the receivable due from an Asian customer.

Changes in the loss allowance are set out below:

| (€'000) | 2022 | 2021 |
|---|---|---|
| **Opening balance** | **714** | 798 |
| Impairment losses | **-** | 260 |
| Utilisations/change in accounting estimates | **(88)** | (398) |
| Other changes | **(8)** | 54 |
| **Closing balance** | **618** | 714 |

With respect to exposures not individually impaired, the Group defined a provisioning matrix based on its historical credit loss figures, adjusted by the counterparties' credit ratings and business environments.

The following table shows other assets at 31 December 2022 and 2021:

| (€'000) | 31 December 2022 | 31 December 2021 |
|---|---|---|
| VAT | **2,451** | 1,920 |
| IRES (corporate income tax) and withholding taxes | **483** | 343 |
| IRAP (regional tax on production activities) paid on account | **25** | 25 |
| Prepayments and accrued income | **684** | 466 |
| Advances to suppliers | **814** | 99 |
| Amounts due from INAIL (the Italian Workers' Compensation Authority) and INPS (the Italian social security institution) | **14** | 2 |
| Amounts due from employees | **-** | 91 |
| Other | **635** | 367 |
| **Third parties** | **5,106** | 3,313 |
| **Total** | **5,106** | 3,313 |

The increase in the VAT asset, mainly attributable to the parent, is due to the asset that arose during the year, net of the amount offset in accordance with applicable legislation.

The parent fully impaired (€243 thousand) foreign withholdings, which are recoverable only through future taxable profits from operations carried out in their country of origin, given the uncertain actual possibility of using them before they become time-barred. This does not alter the parent's right to use them should the conditions for their use arise in the future, since their time limit is 2030. The foreign withholding taxes that are unrecognised but which can still be used amount to €4.9 million.

## 12 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents at 31 December 2022 and 2021 are made up as follows:

| **(€'000)** | **31 December 2022** | 31 December 2021 |
|---|---|---|
| Cash in hand and cash equivalents | **6** | 7 |
| Short-term bank deposits | **22,793** | 29,351 |
| **Cash and cash equivalents** | **22,799** | 29,358 |

Reference should be made to the statement of cash flows for details of the cash flows for the year.

## 13. EQUITY

### Share capital

The parent's share capital is comprised of 78,657,878 ordinary shares, without a nominal amount. There are no other classes of shares.

The share capital is presented net of treasury shares, which are held in accordance with the limits imposed by article 2357 of the Italian Civil Code.

Detailed information about the parent's shareholders is provided in note 1.

| | **31 December 2022** | | 31 December 2021 | |
|---|---|---|---|---|
| | **€'000** | **No.** | €'000 | No. |
| Ordinary shares | **56,482** | **78,673,836** | 56,482 | 78,673,836 |
| (Treasury shares) | **(16)** | **(15,958)** | (16) | (15,958) |
| **Share capital** | **56,466** | **78,657,878** | 56,466 | 78,657,878 |

### Other reserves

Other reserves are broken down below:

| **(€'000)** | **31 December 2022** | 31 December 2021 | **Variation** |
|---|---|---|---|
| Share premium reserve | **22,905** | 22,905 | - |
| Legal reserve | **11,296** | 10,854 | 442 |
| Stock option reserve | **2,217** | 2,217 | - |
| Translation reserve | **329** | 185 | 144 |
| Other reserves | **8,403** | 8,255 | 148 |
| **Total** | **45,150** | 44,416 | 734 |

The share premium reserve of €22,905,478 is unchanged from the previous year end.

The legal reserve of €11,296,386 increased by €442,152 from the previous year end, following the resolution for the allocation of the parent's profit for the previous year taken by the shareholders on 13 May 2022. Pursuant to the provisions of article 2430 of the Italian Civil Code, this reserve can be used to cover losses.

The stock option reserve of €2,216,799 is unchanged from the previous year end and relates to the stock option plan approved by the shareholders pursuant to article 114-bis of the Consolidated Finance Act on 21 November 2016. The plan provides for the free assignment of options for the subscription of ordinary shares to the parent's employees. The ratio is one share for each option. The plan aims at incentivising attainment of the parent's objectives and retaining employees. It provides that the maximum number of shares to be assigned to the beneficiaries is 2,225,925 and that the options' exercise price is €1.10 for each share. The plan term is seven years (2016-2023). The related cost is recognised over the vesting period (2016-2019).

The translation reserve reflects the cumulative differences from the translation of financial statements of companies with functional currencies other than the Euro, which is the Group's presentation currency. These companies are Pininfarina Shanghai Co Ltd. and Pininfarina of America Corp..

The increase in the other reserves is due to fair value gains on Investments in other companies (note 9) recognised in OCI.

**Losses carried forward**

Losses carried forward totalled €60,895,566 at the reporting date, down by €2,246,136 from the 31 December 2021 figure. The decrease is due to:

- the allocation of the profit for 2021 of €2,004,859, net of the portion allocated to the parent's legal reserve, as resolved by the shareholders on 13 May 2022;
- the positive effect for the year of the adoption of IAS 19 (revised), quantified at €241,277.

## 14 - OTHER FINANCIAL LIABILITIES

The other financial liabilities mostly comprise the outstanding amount relating to the rescheduling agreement described below (€17,261 thousand at 31 December 2022), in addition to bank overdrafts.

The rescheduling agreement between Pininfarina S.p.A. and its lending institutions became effective on 30 May 2016. Its effects are summarised below:

- settlement and extinguishment of 56.74% of the nominal amount of the parent's debt with the lending institutions that accepted this option, in addition to the interest accrued up to the effective date;
- the rescheduling of the nominal amount of the debt with the lending institutions that accepted this option, totalling €41.5 million, to 2025;
- the application of a fixed interest rate of 0.25% per annum, based on a year of 360 days, increased by the difference between this rate and the six-month Euribor, should the latter exceed 4%.

Changes in other financial liabilities over the past two years are summarised below:

| | **2022** | | | 2021 | | |
|---|---|---|---|---|---|---|
| **(€'000)** | **Other loans and borrowings** | **Bank overdrafts** | **Total** | Other loans and borrowings | Bank overdrafts | Total |
| **Opening balance** | **19,638** | **-** | **19,638** | 22,106 | 41 | 22,147 |
| Increase/other changes | **-** | **2,200** | **2,200** | - | - | - |
| Unrealised interest | **1,215** | **-** | **1,215** | 1,350 | - | 1,350 |
| Repayment/derecognition of liabilities | **(3,592)** | **-** | **(3,592)** | (3,818) | (41) | (3,859) |
| **Closing balance** | **17,261** | **2,200** | **19,461** | 19,638 | - | 19,638 |
| **of which: due within one year** | **3,578** | **2,200** | **5,778** | 3,592 | - | 3,592 |
| **of which: due after one year** | **13,683** | **-** | **13,683** | 16,046 | - | 16,046 |

On 30 May 2015, the fair value of the restructured debt was determined by discounting the cash flows as per the rescheduling agreement to their present value using a 6.5% rate, determined with the assistance of a third-party financial advisor as the sum of 1) the return on risk-free investments and 2) a credit spread attributed to Pininfarina S.p.A..

The increase in bank overdrafts is due to a recourse factoring agreement signed by the German subsidiary.

A breakdown of the contractual cash flows by maturity is provided in note 34.

A breakdown of changes by lender is set out below:

| **(€'000)** | **31 December 2021** | **Unrealised interest** | **Repayment/ derecognition of liabilities** | **31 December 2022** |
|---|---|---|---|---|
| Intesa Sanpaolo S.p.A. | 12,703 | 786 | (2,316) | 11,173 |
| Banca Nazionale del Lavoro S.p.A. | 748 | 46 | (136) | 658 |
| Banca Regionale Europea S.p.A. (formerly Ubi Banca S.p.A.) | 2,986 | 185 | (544) | 2,627 |
| Selmabipiemme Leasing S.p.A. | 3,187 | 198 | (582) | 2,803 |
| Volksbank Region Leonberg (Germany) | 14 | - | (14) | - |
| **Other loans and borrowings** | **19,638** | **1,215** | **(3,592)** | **17,261** |

The Group's loans and borrowings are not subject to currency risk.

Reference should be made to the table presented in note 38 for more details on the net financial position (ESMA).

## 15 - EMPLOYEE BENEFITS

The employee benefits include the portion of post-employment benefits vested by the parent's employees before 1 January 2007.

Changes for the year are provided below:

| **(€'000)** | **2022** | **2021** |
|---|---|---|
| **Opening balance** | **2,734** | **3,239** |
| Interest cost recognised in profit or loss | **8** | (1) |
| Actuarial (gains) losses recognised in other comprehensive income | **(241)** | 8 |
| Payments | **(432)** | (513) |
| Other changes | **-** | 1 |
| **Closing balance** | **2,069** | **2,734** |

The main changes for the year include the actuarial gains recognised in OCI (€241 thousand, gross of tax) and benefits paid (€432 thousand).

The Group recognised interest cost of €8 thousand on employee benefits during the year.

The main assumptions underlying the actuarial calculation of the liability in the current and previous years are set out below:

| | **2022** | **2021** |
|---|---|---|
| Annual inflation rate | **2.75%** | 1.50% |
| Benefit discount rate | **3.65%** | -0.31% |

The adopted discount rate refers to the market yield of AA-rated Euro securities.

Moreover, the sensitivity analysis carried out increasing/decreasing the base rate by 50% did not show significant changes with respect to the reporting-date post-employment benefit liability.

## 16 - OTHER CURRENT LIABILITIES

Other current liabilities were as follows at 31 December 2022 and 2021:

| (€'000) | **31 December 2022** | 31 December 2021 |
|---|---|---|
| Wages and salaries payable | 3,349 | 3,129 |
| Social security charges payable | 835 | 980 |
| Other | 1,164 | 1,262 |
| Other liabilities | 546 | 424 |
| **Total** | **5,894** | 5,795 |

## 17 - TRADE PAYABLES

| (€'000) | **31 December 2022** | 31 December 2021 |
|---|---|---|
| Trade payables - third parties | 12,855 | 16,364 |
| Other - third parties | 255 | 255 |
| **Total third parties** | **13,110** | 16,619 |
| **Trade payables - related parties** | **523** | 262 |
| **Total** | **13,633** | 16,881 |

Trade payables to third parties at 31 December 2021 included the incremental costs of roughly €5.8 million incurred by the parent to obtain a long-term contract.

The liability was recognised at the present value of the payment plan originally agreed with the service provider under the related agreement.

As disclosed in notes 7 and 28, at the reporting date, the parent updated its assessment of the likelihood of the resumption of the above contract's activities and impaired the costs of obtaining the contract initially recognised as an asset, while equally remeasuring its liability, whose payment was contractually subject to the collection of the engineering contract consideration.

## 18 - PROVISIONS FOR RISKS AND CHARGES AND CONTINGENT LIABILITIES

### Provisions for risks and charges

Changes in provisions for risks and charges are set out below:

| (€'000) | Provision for product warranties | Restructuring provision | Provision for losses to complete contracts | Total |
|---|---|---|---|---|
| **Opening balance** | **53** | **869** | **267** | **1,189** |
| Additions to provisions for risks | - | - | 444 | 444 |
| Utilisations | - | (721) | (506) | (1,227) |
| Releases | - | - | - | - |
| Exchange differences and other changes | - | - | 1 | 1 |
| **Closing balance** | **53** | **148** | **206** | **407** |

The provision for product warranties, unchanged from the previous reporting date, represents the best estimate of the parent's contractual and legal obligations with regard to costs related to warranties provided on certain components of the vehicles it manufactured for a specific period, starting from the sale of the vehicles to end customers. The above-mentioned estimate was determined based on the Group's experience, specific contractual terms and product specifications and defect data generated by the statistical survey systems of the Group's customers.

The restructuring provision, which was set up in 2020, reflects the best estimate of the liabilities for restructuring relating to the parent (€110 thousand at 31 December 2022) and the winding up of Pininfarina Engineering S.r.l. in liquidation (€38 thousand at 31 December 2022). Utilisations for the year relate to Pininfarina S.p.A. (€276 thousand) and Pininfarina Engineering S.r.l. in liquidation (€445 thousand).

The provision for losses to complete contracts shows the effects of the measurement of losses to complete the parent's long-term contracts.

**Contingent liabilities and litigation**

The parent has a pending dispute with the French company GreenGT (GGT) before the commercial court of Paris, whereby GGT claimed damages alleging the parent's failure to perform a contract, leading to the consequent loss of business opportunities and reputation damage. On 9 November 2021, the court handed down its first-level decision dismissing the claim for failure to perform the contract and the alleged reputation damage, but held Pininfarina S.p.A. liable for the loss of investment and profit incurred by GGT for an amount of €2.5 million. Confident that it will prove its reasons in the subsequent proceedings, the parent promptly filed an appeal and, including based on the opinion of its legal advisors, did not consider it necessary to make a specific provision.

On 1 August 2022, the Italian Labour Inspectorate Office notified Pininfarina Engineering S.r.l. in liquidation of an assessment report alleging violations concerning contribution obligations totalling €807,200 (including sanctions). Based on the preliminary opinion of its legal advisors, the subsidiary assessed this risk as not probable and filed its response with the competent bodies within the legal terms. As of the date hereof, there have been no further developments. Accordingly, in accordance with the applicable IFRS, the directors did not believe it necessary to provide for this liability.

As part of a legal dispute for the use of the Pininfarina trademark involving Pininfarina Extra S.r.l., which was merged into Pininfarina S.p.A. on 1 January 2019, on 14 August 2022, the Fermo Court ordered Pininfarina S.p.A. to pay €104,257.68, which it paid in full in due time before the deadline of the start of October 2022. On 30 September 2022, the parent filed its appeal against the decision. As it is certain of its correct conduct, the parent did not provide for any liability.

There are no further contingent liabilities or litigation to report.

## 19 - CURRENT AND DEFERRED TAXES

The table below provides a breakdown of deferred tax assets and liabilities:

| (€'000) | **31 December 2022** | 31 December 2021 |
|---|---|---|
| Deferred tax assets | - | 19 |
| (Deferred tax liabilities) | - | - |
| **Net deferred tax assets** | **-** | 19 |

The net deferred tax assets relate to Pininfarina of America.

Income taxes recognised in profit or loss over the past two years are detailed below:

| **(€'000)** | **2022** | 2021 |
|---|---|---|
| Income taxes | **(321)** | (193) |
| Reduction/(addition) to prior year provision | **-** | - |
| **Current taxes** | **(321)** | (193) |
| Change in deferred tax assets | **(19)** | - |
| **Deferred taxes** | **(19)** | - |
| **Total** | **(340)** | (193) |

## 20 - REVENUE FROM SALES AND SERVICES

The Group's revenue mainly relates to the provision of design and engineering services and sales of spare parts and prototypes.

| (€'000) | 2022 | 2021 |
|---|---|---|
| Sales | **3,661** | 5,167 |
| Services | **65,874** | 58,925 |
| Royalties | **2,687** | 2,168 |
| **Revenue from sales and services** | **72,222** | 66,260 |

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major product and service lines and timing of revenue recognition.

| | **Major product/service lines** | |
|---|---|---|
| **(€'000)** | **2022** | **2021** |
| Design services | **54,620** | 47,976 |
| Engineering services | **14,915** | 16,116 |
| Royalties | **2,687** | 2,168 |
| **Total** | **72,222** | **66,260** |

| | **Timing of revenue recognition** | |
|---|---|---|
| **(€'000)** | **2022** | **2021** |
| Products transferred at a point in time | **6,628** | 3,860 |
| Products and services transferred over time | **65,594** | 62,400 |
| **Total** | **72,222** | **66,260** |

Contract assets and liabilities

The following table provides information about contract assets and liabilities.

| (€'000) | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Contract assets | **7,093** | 5,434 |
| Contract liabilities | **(5,533)** | (6,452) |
| **Net contract assets (liabilities)** | **1,560** | (1,018) |

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on made-to-order products/services.

Contract assets were impaired by €506 thousand during the year. They are reclassified to trade receivables when the rights become unconditional. This usually occurs when the group companies issue an invoice to the customer.

Contract liabilities represent the Group's obligation to transfer goods or services to a customer for which it has received consideration (or an amount of consideration is due) from that customer.

## 21 - OTHER REVENUE AND INCOME

Other sources of revenue include the following:

| **(€'000)** | **2022** | **2021** |
|---|---|---|
| Lease income | - | 108 |
| Grants for research and training | 4 | 9 |
| Prior year income | - | 47 |
| Insurance compensation | 12 | 100 |
| Sundry | 155 | 182 |
| Rebilling | 107 | 135 |
| Internal work capitalised | 249 | - |
| Gains on sale of non-current assets and equity investments | 20 | - |
| **Total** | **547** | **581** |

Prior year income refers to prior year income and estimation differences, other than errors, resulting from the normal updating of estimates made in previous years.

Lease income referred to the building previously owned by the German subsidiary and sold in February 2021.

The increase in internal work capitalised relates to the expense incurred (mainly personnel expense) to manufacture a virtual reality simulator, slated for completion in the first half of 2023.

## 22 - PURCHASES, SERVICES AND OTHER VARIABLE PRODUCTION COSTS

| **(€'000)** | **2022** | **2021** |
|---|---|---|
| Raw materials and consumables | **(10,147)** | (6,841) |
| Other variable production costs | **(1,549)** | (1,729) |
| External variable engineering services | **(12,266)** | (10,843) |
| Change in finished goods | **(14)** | (26) |
| **Total** | **(23,976)** | **(19,439)** |

External variable engineering services mainly refer to design and technical services.

## 23 - OTHER OPERATING EXPENSE

| **(€'000)** | **2022** | 2021 |
|---|---|---|
| Losses on sales of non-current assets and equity investments | **(7)** | - |
| Other expenses | **(10,382)** | (8,872) |
| Net exchange gains (losses) | **(16)** | 62 |
| **Total** | **(10,405)** | (8,810) |

## 24 - PERSONNEL EXPENSE

| (€'000) | **2022** | **2021** |
|---|---|---|
| Wages and salaries | (30,339) | (30,416) |
| Social security contributions | (6,875) | (7,371) |
| Post-employment benefits | (1,051) | (1,206) |
| Utilisation of restructuring provision | 648 | 2,653 |
| **Personnel expense** | **(37,617)** | **(36,340)** |

Post-employment benefits reflect the costs related to defined contribution plans and accrued interest on defined benefit plans (see note 15), given the presentation method chosen by the Group.

A breakdown of the actual number of employees at 31 December 2022 and the average number for the year is set out below, as per article 2427 of the Italian Civil Code, calculated by adding the number of employees at the beginning and end of the year and dividing the result by two:

| | **2022** | | 2021 | |
|---|---|---|---|---|
| | **Reporting date** | **Average** | Reporting date | Average |
| Managers | **20** | **21** | 22 | 22 |
| White collars | **421** | **418** | 435 | 481 |
| Blue collars | **21** | **21** | 29 | 31 |
| **Total** | **462** | **460** | 486 | 534 |

## 25 - AMORTISATION AND DEPRECIATION

Amortisation and depreciation are made up as follows:

| **(€'000)** | **2022** | 2021 |
|---|---|---|
| Depreciation of property, plant and equipment | **(2,521)** | (2,057) |
| Amortisation of intangible assets | **(332)** | (112) |
| Depreciation of right-of-use assets | **(976)** | (931) |
| **Total** | **(3,829)** | (3,100) |

## 26 - NET DECREASES IN PROVISIONS FOR RISKS AND CHARGES

| **(€'000)** | **2022** | 2021 |
|---|---|---|
| Additions to the provision for losses to complete contracts | **(444)** | (251) |
| Release of the restructuring provision | **-** | 2,767 |
| Utilisations and changes in estimated costs | **505** | 220 |
| Net decreases in provisions for risks and charges | **61** | 2,736 |

## 27 - NET IMPAIRMENT LOSSES ON TRADE RECEIVABLES AND OTHER ASSETS

| **(€'000)** | **2022** | 2021 |
|---|---|---|
| Impairment losses on trade receivables | **(40)** | (277) |
| Impairment gains on trade receivables | **92** | 375 |
| Impairment losses on foreign withholding taxes | **(243)** | (590) |
| **Net impairment losses on trade receivables and other assets** | **(191)** | (492) |

The impairment gains reverse the impairment losses recognised in the previous year on the receivables from two customers of the Chinese subsidiary.

The parent fully impaired (€243 thousand) foreign withholdings, which are recoverable only through future taxable profits from operations carried out in their country of origin, given the uncertain actual possibility of using them before they become time-barred.

## 28 - NET REVERSALS OF IMPAIRMENT LOSSES (IMPAIRMENT LOSSES) ON PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS

As described in notes 5 and 6, there were no impairment losses or reversals of impairment losses on property, plant and equipment or right-of-use assets during the year.

As described in note 7, at the reporting date, the parent updated its analysis of the recoverability of the cost of obtaining a long-term engineering contract recognised as an intangible asset to take into account the changed environment. Since it believed that resumption of the above contract's activities was unlikely, it impaired the intangible asset and equally remeasured its liability to the supplier, which is contractually subject to the collection of the engineering contract consideration. The related effects offset each other in this caption.

In 2021, based on the impairment test carried out at the end of the year, the Group reversed impairment losses of €2,674 thousand recognised on the other design activities CGU's assets, which comprised €2,338 thousand relating to items of property, plant and equipment other than the Cambiago building and €336 thousand to intangible assets other than goodwill.

## 29 - FINANCIAL INCOME

In 2022, financial income relates to bank interest income.

In 2021, it included a gain of €208 thousand on the extinguishment of financial liabilities, mainly relating to a loan granted by Centennial Bank to Pininfarina of America covered by the measures implemented in that country to tackle the effect of the Covid-19 pandemic, which was fully waived by the lending bank.

## 30 - FINANCIAL EXPENSE

| (€'000) | **2022** | **2021** |
|---|---|---|
| Interest expense on loans and financing | (1,302) | (1,419) |
| Bank interest and fees | (71) | (89) |
| Interest expense on lease liabilities | (143) | (173) |
| Other | - | - |
| **Financial expense** | **(1,516)** | **(1,681)** |

Interest expense on loans and financing comprises the effect of amortised-cost accounting (€1,215 thousand) and interest accrued under the existing agreement (€59 thousand). The remainder relates to the German subsidiary.

Bank interest and fees refer to interest paid on credit lines and bank fees.

Lease interest expense relates to the amortised-cost measurement of lease liabilities under IFRS 16.

## 31 - LOSS PER SHARE

The basic loss per share of €0.06 for 2022 (basic earnings of €0.03 € for 2021) is equal to the diluted loss per share because there is no dilutive effect, since the stock options (note 13) are assigned with a unit exercise price of €1.10, which exceeds the 2022 and 2021 average price of the parent's ordinary shares.

The basic loss per share (and, based on the above, the diluted loss per share) is calculated by dividing the loss for the year attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the year (78,657,878 in both 2022 and 2021).

## 32 - EVENTS AFTER THE REPORTING DATE

In July 2022, the Group received an expression of interest for the San Giorgio Canavese facility from a potential acquirer (see note 5) and signed a preliminary sale agreement in the first quarter of 2023. The sale is expected to be executed before the end of 2023 for a total consideration of €4.15 million, including €1 million already received as a guarantee deposit in March 2023 and €0.2 million collected in July 2022.

There are no other significant events that occurred after the reporting date.

**33 - FINANCIAL INSTRUMENTS AND FAIR VALUE HIERARCHY**

As required by IFRS 7, the table below lists the types of financial instruments included in the consolidated financial statements and shows the measurement criteria adopted:

| **(€'000)** | 31 December 2022 | | | | |
|---|---|---|---|---|---|
| | **Note** | **Assets at amortised cost** | **Assets at fair value** | **Assets at fair value through OCI** | **Total** |
| Investments in other companies | (9) | - | - | 400 | 400 |
| Non-current financial assets | | 550 | - | - | 550 |
| Trade receivables and other assets | (11) | 18,275 | - | - | 18,275 |
| Cash and cash equivalents | (12) | 22,799 | - | - | 22,799 |
| **Total financial assets** | | **41,624** | **-** | **400** | **42,024** |
| | | | | | |
| Non-current lease liabilities | (6) | 1,630 | - | - | 1,630 |
| Other non-current financial liabilities | (14) | 13,683 | - | - | 13,683 |
| Current lease liabilities | (6) | 961 | - | - | 961 |
| Other current financial liabilities | (14) | 5,778 | - | - | 5,778 |
| Other current liabilities | (16) | 5,894 | - | - | 5,894 |
| Trade payables | (17) | 13,633 | - | - | 13,633 |
| **Total financial liabilities** | | **41,579** | **-** | **-** | **41,579** |

| | | | | | **31 December 2021** |
|---|---|---|---|---|---|
| (€'000) | **Note** | **Assets at amortised cost** | **Assets at fair value** | **Assets at fair value through OCI** | **Total** |
| Equity investments in other companies | (9) | - | - | 252 | 252 |
| Non-current financial assets | | 550 | - | - | 550 |
| Trade receivables and other assets | (11) | 16,630 | - | - | 16,630 |
| Cash and cash equivalents | (12) | 29,358 | - | - | 29,358 |
| **Total financial assets** | | **46,538** | **-** | **252** | **46,790** |
| | | | | | |
| Non-current lease liabilities | (6) | 2,322 | - | - | 2,322 |
| Other non-current financial liabilities | (14) | 16,046 | - | - | 16,046 |
| Current lease liabilities | (6) | 1,018 | - | - | 1,018 |
| Other current financial liabilities | (14) | 3,592 | - | - | 3,592 |
| Other current liabilities | (16) | 5,795 | - | - | 5,795 |
| Trade payables | (17) | 16,881 | - | - | 16,881 |
| **Total financial liabilities** | | **45,654** | **-** | **-** | **45,654** |

Pursuant to IFRS 7 – Financial instruments: disclosures, the classification of financial instruments within the fair value hierarchy provided for by IFRS 13 is based on the quality of the inputs used for measurement purposes:

- Level 1: fair value is determined based on prices quoted on an active market for identical assets or liabilities.
- Level 2: fair value is determined based on inputs that, while different from the quoted prices used in Level 1, can be observed either directly or indirectly. These consolidated financial statements do not present any financial instruments of this type.
- Level 3: fair value is determined based on valuation models, the inputs of which are not based on observable

market data. These consolidated financial statements do not present any financial instruments of this type.

Based on the above, the Group has classified its Investments in other companies, mostly comprising the investment in the Maltese company Midi Plc (€399 thousand), which is listed on the Malta stock exchange, at level 1 of the fair value hierarchy. Considering the trades that took place close to the year end, its stock exchange price at the reporting date is deemed to reflect its fair value.

The fair value gains or losses on the above equity investment are recognised in OCI.

The carrying amount of non-current financial assets, cash and cash equivalents, trade receivables and other assets, lease liabilities, trade payables and other current liabilities is deemed to reasonably approximate their fair value.

The fair value of the other financial liabilities of €17,387 thousand (€21,504 thousand at 31 December 2021) has been measured with the support of an independent expert, using a level 3 measurement model that entailed:

- the identification of the interest and principal cash flows generated by the financial liabilities, based on the effective interest rate and the relevant repayment plan;

- the discounting of the cash flows by applying a rate of 6.18% which is held to reflect the market rate that the group companies would have obtained had they assumed liabilities with similar characteristics (amount and maturity) at the reporting date, including a spread that objectively reflects the Group's credit rating.

## 34 - FINANCIAL RISK MANAGEMENT

Financial risk factors, as identified in IFRS 7 – Financial instruments: disclosures, are described below.

- Market risk: the risk that the fair value or the future cash flows of a financial instrument could fluctuate as a result of changes in market prices. Market risk includes:

- currency risk: the risk that the fair value or the future cash flows of a financial instrument could fluctuate as a result of changes in exchange rates;

- interest rate risk: the risk that the fair value or the future cash flows of a financial instrument could fluctuate as a result of changes in interest rates;

- price risk: the risk that the fair value or the future cash flows of a financial instrument could fluctuate as a result of changes in market prices (other than changes covered by the interest rate and currency risks), irrespective as to whether such fluctuations are determined by factors specific to the financial instrument or its issuer or by factors that affect all similar market-traded financial instruments.

- Credit risk: the risk that one of the parties causes the other party to incur a financial loss by failing to fulfil an obligation.

- Liquidity risk: the risk that an entity may be unable to fulfil obligations associated with financial liabilities.

**Currency risk**

The Group entered into most of its financial instruments in Euros, which is its functional and presentation currency. Although it operates in an international environment, its exposure to fluctuations in exchange rates is limited to the following currencies against the Euro: US dollar (USD) and Chinese renminbi (CNY).

**Interest rate risk**

This risk is due to the Group's exposure to fluctuations in market interest rates, since the interest expense on its debt is indexed thereto.

The restructuring agreement signed by Pininfarina S.p.A. with the lending institutions, effective from 30 May 2016 to 31 December 2025, defined a fixed contractual interest rate of 0.25% per annum, based on a year of 360 days.

If the six-month Euribor exceeds 4% during an interest accruing period, the contractual interest rate will be increased by the difference between the actual six-month Euribor and 4%.

The Group does not currently deem it necessary to hedge the portion of its debt subject to interest rate risk given the current Euribor trend.

A breakdown of the Group's financial debt by fixed and variable interest rates is as follows:

| (€'000) | 31 December 2022 | % | 31 December 2021 | % |
|---|---|---|---|---|
| - Fixed rate | **19,461** | **100%** | 19,637 | 100% |
| - Variable rate | **-** | **-** | - | - |
| **Gross financial debt with third parties** | **19,461** | **100%** | 19,637 | 100% |

**Price risk**

The Group mainly carries out design and engineering activities, therefore it is not significantly exposed to price risk on the commodities it purchases.

**Credit risk**

The Group is exposed to credit risk, defined as the probability of an impairment loss on exposures with a commercial or financial counterparty. With reference to commercial transactions, the Group's most significant projects have a limited number of counterparties, most of which may be qualified as of a primary credit standing. At group level, credit risk is especially concentrated in Asia (Iran, India and China).

Counterparty risk in the case of countries in which the Group does not usually undertake commercial transactions is analysed and assessed at the offering phase in order to identify and mitigate any solvency risks.

Despite the global Covid-19 pandemic, since it mainly operates with counterparties of high credit standing, the Group's credit risk on existing trade receivables has not significantly increased. Only the Chinese subsidiary has recognised a specific loss allowance of €193 thousand for one of its exposures.

The Group operates in markets that are or have been recently affected by geopolitical or financial tensions. Specifically, the following exposures are considered to bear geopolitical risk:

| (€'000) | 31 December 2022 |
|---|---|
| Assets | **3,040** |
| Contract liabilities | **(1,827)** |
| **Total** | **1,213** |

Reference should be made to note 11 for a breakdown of trade receivables by geographical segment.

**Liquidity risk**

This is the risk that the Group may be unable to fulfil the obligations associated with its financial liabilities.

The Group's liquidity management approach is to ensure that it always has sufficient funds to fulfil its obligations when they fall due, under both normal conditions and financial stress, without incurring borrowing costs at above-market interest rates. Generally, the Group ensures that there is sufficient cash to cover expected short-term operating expense, including those related to loans and borrowings. Potential effects resulting from unusual circumstances that cannot be reasonably foreseen, such as natural disasters, are excluded.

The objective of the Group's financial strategy is to adequately balance the maturity of its liabilities in order to reduce the risk of having to refinance its debt. The Group has historically been able to meet its obligations regularly and was able to refinance its debt before maturity.

In brief, the Rescheduling agreement signed by the parent on 14 December 2015 and effective as of 30 May 2016 entailed:

- settlement and extinguishment of 56.74% of the nominal amount of the parent's debt with the lending institutions that accepted this option, in addition to the interest accrued up to the effective date;

- the rescheduling of the nominal amount of the debt with the lending institutions that accepted this option, totalling €41.5 million, from 2016 to 2025;

- the application of a fixed interest rate of 0.25% per annum, based on a year of 360 days, increased by the difference between this rate and the six-month Euribor, should the latter exceed 4%.

Consequently, over the medium to long term, the liquidity risk is directly correlated to the achievement of the business plan targets.

The carrying amount and the gross amount without discounting the contractual cash flows of the financial liabilities arising from the parent's Rescheduling agreement and the German subsidiary's factoring agreement at the reporting date are set out in the following table:

| (€'000) | Carrying amount 31.12.2022 | Contractual cash flows | due within one year | due from one to five years | due after five years |
|---|---|---|---|---|---|
| Rescheduling agreement | 17,261 | 20,003 | 3,578 | 16,425 | - |
| Bank overdrafts | 2,200 | 2,200 | 2,200 | | |
| **Total** | **19,461** | **22,203** | **5,778** | **16,425** | **-** |

At the reporting date, the Group's cash and cash equivalents amount to €22,799 thousand.

**Risk of default and debt covenants**

This risk relates to the possibility that the rescheduling agreement between Pininfarina S.p.A. and the lending institutions that came into force on 30 May 2016 may include acceleration clauses that would give rise to liquidity risk.

The Rescheduling agreement requires that, as of the assessment date of 31 March of each year, the financial covenant shall be at least equal to the minimum consolidated equity, i.e., €30 million. The covenant will be checked until the expiry of the loan in 2025.

The Mahindra Group provided a first demand surety to the lending institutions that is enforceable if Pininfarina S.p.A. fails to meet its obligations.

At 31 March 2022, the above-mentioned financial covenant was met and, although irrelevant for contractual purposes, it is still complied with at the reporting date. Should the minimum equity threshold be exceeded at 31 March 2023, the agreement would not automatically be terminated, as it provides for specific remedies and the lending banks can also waive their right to take action.

**Business/market risk**

The performance of the sectors/markets in which the parent and the Group operate has been recently adversely affected by the simultaneous existence of two overlapping problems:

- the continuation of the negative economic cycle of the global automotive industry, further exacerbated by the conflict in Ukraine;

- the Covid-19 pandemic.

In addition, the Group has to meet the challenges posed by the technological change that is affecting the mobility and other sectors, offering traditional services combined with digital experiences.

In order to deal with this situation, the parent and the Group are rapidly redirecting their available resources towards those activities with a new strategic profile focused on those service lines which are considered to have greater potential in terms of strengthening customer relations and profitability in the medium term.

**Climate change risk**

The parent is currently assessing the risks related to climate change, the impacts of which are not expected to be significant in view of its business model.

**35 - RELATED PARTY TRANSACTIONS**

The table below, which is presented pursuant to Consob communication no. DEM/6064293 of 28 July 2006, summarises related party transactions, including intragroup transactions. These transactions were carried out at market conditions, considering the nature of the goods exchanged or services provided. They were neither atypical nor unusual for the purposes of the above-mentioned communication.

| (€'000) | Commercial | | Financial | | Operating | | Financial | |
|---|---|---|---|---|---|---|---|---|
| | **Assets** | **Liabilities** | **Assets** | **Liabilities** | **Revenue** | **Expense** | **Income** | **Expense** |
| Signature S.r.l. | 80 | 2 | 550 | - | 184 | 35 | - | - |
| Tech Mahindra Ltd | 71 | 521 | - | - | 120 | 259 | - | - |
| Tech Mahindra GmbH | - | - | - | - | 95 | - | - | - |
| Born Group | - | - | - | - | - | 8 | - | - |
| Mahindra&Mahindra Ltd | 115 | - | - | - | 527 | - | - | - |
| Mahindra Holidays&Resorts India Ltd | 60 | 58 | - | - | 82 | - | - | - |
| Automobili Pininfarina GmbH | 278 | 53 | - | - | 2,501 | - | - | - |
| **Total** | **604** | **634** | **550** | **-** | **3,509** | **302** | **-** | **-** |

Intragroup transactions include:

- Signature S.r.l.: loan agreement and royalties with Pininfarina S.p.A., sales of goods by and royalties with Pininfarina S.p.A. and services provided to Pininfarina of America Corp.;
- Tech Mahindra Ltd: services agreements with Pininfarina Deutschland GmbH and a services agreement with Pininfarina of America Corp.;
- Tech Mahindra GmbH: services agreement with Pininfarina Deutschland GmbH;
- Born Group: office lease with Pininfarina of America Corp;
- Mahindra&Mahindra Ltd: brand licence agreement and design and engineering services agreements with Pininfarina S.p.A.;
- Mahindra Holidays&Resorts India Ltd: architecture services agreement with Pininfarina S.p.A.;
- Automobili Pininfarina GmbH: design and engineering services agreement, secondment agreement and leases with Pininfarina S.p.A..

The parent, Pininfarina S.p.A., signed twelve design and engineering services agreements with Automobili Pininfarina GmbH ("AP") on 29 June 2018, 26 March 2019, 31 May 2019, 22 July 2019, 9 December 2019, 23 March 2021, 5 August 2021, 8 November 2021, 31 January 2022, 21 March 2022, 8 April 2022 and 2 May 2022, respectively, for the development of a project for the design of the interior and exterior of a new car, the design of the upper body systems of the body shell, integration of the body shell with the main operating systems and achievement of the performance requested of a new AP vehicle based on its new platform.

The parent received a total fee of €22,078,793 for its services to be provided under the above contracts from June 2018 to May 2022. This fee qualifies the transaction as a "major transaction" pursuant to the relevant legislation. The services provided were part of the "company's normal business activities" and were rendered on an arm's length basis.

## 36 - DIRECTORS' AND STATUTORY AUDITORS' FEES

| (€'000) | **2022** | 2021 |
|---|---|---|
| Directors | **613** | 549 |
| Statutory auditors | **89** | 103 |
| **Total** | **702** | 652 |

The 2022 total fees to Pininfarina S.p.A.'s key management personnel approximate €1.3 million.

Trade payables include accrued fees pertaining to the year (€37.9 thousand).

## 37 - DISCLOSURE ON THE INDEPENDENT AUDITORS' FEES REQUIRED BY ARTICLE 149-DUODECIES OF THE ISSUERS' REGULATION

The 2022 fees for audit and non-audit services provided by Deloitte & Touche S.p.A. and other entities of its network are detailed below, pursuant to article 149-duodecies of the Consob Issuers' Regulation.

| **(€'000)** | **Service provider** | **Service recipient** | **2022 fee** |
|---|---|---|---|
| **Audit** | Deloitte & Touche S.p.A. | Pininfarina S.p.A. (1) | **90** |
| | Deloitte network | Subsidiaries | **54** |
| | Predecessor auditors | Pininfarina S.p.A. and subsidiaries (2) | **56** |
| **Other services** | Deloitte & Touche S.p.A. | Pininfarina S.p.A. (3) | **68** |
| **Total** | | | **268** |

(1) including fees of €18 thousand for the limited assurance engagement on the non-financial statement.

(2) including the audit of the consolidated reporting package at 31 March 2022 for the consolidation purposes of the Tech Mahindra Group and audit services on the financial statements of Pininfarina Engineering S.r.l. in liquidation.

(3) including non-financial statement benchmarking services relating to the non-financial statements and methodological and benchmarking support for the Group's financial reporting analysis and revisitation project.

## 38 - OTHER INFORMATION

### Net financial position

| **(€'000)** | **31 December 2022** | 31 December 2021 | **Variation** |
|---|---|---|---|
| Cash and cash equivalents | **22,799** | 29,358 | (6,559) |
| Bank overdrafts | **(2,200)** | - | (2,200) |
| Other current financial liabilities | **(3,578)** | (3,592) | 14 |
| Current lease liabilities | **(961)** | (1,018) | 57 |
| **Net current financial position** | **16,060** | 24,748 | (8,688) |
| Non-current financial assets - related parties | **550** | 550 | - |
| Non-current lease liabilities | **(1,630)** | (2,322) | 692 |
| Other non-current financial liabilities | **(13,683)** | (16,046) | 2,363 |
| **Net non-current financial debt** | **(14,763)** | (17,818) | 3,055 |
| **NET FINANCIAL POSITION** | **1,297** | 6,930 | (5,633) |

**Net financial position (ESMA)**

(ESMA Guidelines 32-382-1138 of 4 March 2021)

| (€'000) | | **31 December 2022** | 31 December 2021 | **Variation** |
|---|---|---|---|---|
| (A) | Cash | **(22,799)** | (29,358) | 6,559 |
| (B) | Cash equivalents | **-** | - | - |
| (C) | Other current financial assets | **-** | - | - |
| **(D)** | **Total liquidity (A+B+C)** | **(22,799)** | (29,358) | 6,559 |
| (E) | Current loans and borrowings | **2,200** | - | 2,200 |
| (F) | Current portion of non-current debt | **4,539** | 4,610 | (71) |
| **(G)** | **Current financial debt (E+F)** | **6,739** | 4,610 | 2,129 |
| **(H)** | **Net current financial position (G-D)** | **(16,060)** | (24,748) | 8,688 |
| (I) | Non-current loans and borrowings | **15,313** | 18,368 | (3,055) |
| (J) | Debt instruments | **-** | - | - |
| (K) | Trade payables and other current liabilities | **-** | - | - |
| **(L)** | **Net non-current financial debt (I+J+K)** | **15,313** | 18,368 | (3,055) |
| **(M)** | **Net financial position (H+L)** | **(747)** | (6,380) | 5,633 |

The "Net financial position" set out above is presented in accordance with the format recommended by ESMA Guidelines 32-82-1138 enacting Regulation (EU) 2017/1129 applicable since 5 May 2021. Because the purpose of this table is to show "Net financial debt", assets are shown with a minus sign and liabilities with a plus sign. On the contrary, in the "Net financial position" table provided at the top of the page, assets are shown with a plus sign and liabilities with a minus sign.

The reason for the difference between the amount of the "Net financial position" of the first table and that of the ESMA table is that the latter does not include non-current loan assets. These differences totalled €550 thousand at 31 December 2022 (unchanged from 31 December 2021).

The net financial position at the reporting date comprises the effect of IFRS 16 (approximately €2.6 million compared to €3.3 million at 31 December 2021).

**Significant non-recurring transactions**

As required by Consob communication no. DEM/6064293 of 28 July 2006, the Group specifies that it did not carry out significant and non-recurring transactions during the year.

**Atypical and unusual transactions**

As required by Consob communication no. DEM/6064293 of 28 July 2006, the Pininfarina Group specifies that it did not carry out atypical or unusual transactions during the year, as defined in the above-mentioned communication, according to which atypical and/or unusual transactions are transactions that, because of their significance/material amount, nature of the counterparty, subject, method used to determine the transfer price and timing of the event, could create doubts as to: the accuracy/completeness of the disclosure provided in the financial statements, the existence of a conflict of interest, the safeguarding of corporate assets and the protection of non-controlling investors.

# LIST OF CONSOLIDATED COMPANIES

| Name | Registered office | Country | Share/ quota capital | Currency | Consolidated % | Investor | Investment % |
|---|---|---|---|---|---|---|---|
| **Parent** | | | | | | | |
| Pininfarina S.p.A. | Via Raimondo Montecuccoli 9, Turin, Italy | Italy | 56,481,932 | € | 100 | | |
| **Consolidated subsidiaries** | | | | | | | |
| **Italian subsidiaries** | | | | | | | |
| Pininfarina Engineering S.r.l. in liquidation | Via Raimondo Montecuccoli 9, Turin, Italy | Italy | 100,000 | € | 100 | Pininfarina S.p.A. | 100 |
| **Foreign subsidiaries** | | | | | | | |
| Pininfarina of America Corp. | 501 Brickell Key Drive, Suite 200, Miami FL 33131 US | USA | 10,000 | USD | 100 | Pininfarina S.p.A. | 100 |
| Pininfarina Deutschland GmbH | Frankfurter Ring 81, Munich, Germany | Germany | 3,100,000 | € | 100 | Pininfarina Engineering S.r.l. in liquidation | 100 |
| Pininfarina Shanghai Co. Ltd | Unit 1, Building 3, Lane 56, Antuo Road, Anting, 201805, Jiading district, Shanghai, China | China | 3,702,824 | CNY | 100 | Pininfarina S.p.A. | 100 |
| **Equity-accounted associates** | | | | | | | |
| Goodmind S.r.l. | Corso Vittorio Emanuele II 12, Turin, Italy | | 20,000 | € | 20 | Pininfarina S.p.A. | 20 |
| Signature S.r.l. | Via Paolo Frisi 6, Ravenna, Italy | | 10,000 | € | 24 | Pininfarina S.p.A. | 24 |

# KEY FIGURES OF THE MAIN GROUP COMPANIES

**(IFRS figures)**

| (€'million) | Pininfarina Engineering S.r.l. in liquidation | Pininfarina Deutschland GmbH | Pininfarina of America Corp. | Pininfarina Shanghai Co Ltd |
|---|---|---|---|---|
| **2022** | | | | |
| Revenue | 0.0 | 15.1 | 6.6 | 6.0 |
| Profit (loss) for the year | (5.1) | (2.5) | 1.0 | (1.8) |
| Equity | 12.4 | 8.1 | 2.4 | 0.0 |
| Net financial position (debt) | 0.1 | (3.6) | 2.1 | 0.2 |
| **2021** | | | | |
| Revenue | 0.7 | 16.4 | 4.0 | 7.7 |
| Profit (loss) for the year | 2.2 | (0.8) | 0.7 | 0.4 |
| Equity | 17.0 | 10.6 | 1.8 | 1.8 |
| Net financial position (debt) | 0.3 | (2.9) | 1.8 | 0.8 |

Chief Executive Officer

Silvio Pietro Angori

(signed on the original)

**Statement on the consolidated financial statements pursuant to article 154-bis of Legislative decree no. 58/98**

◊ The undersigned Silvio Pietro Angori, as CEO, and Roberta Miniotti, as manager in charge of financial reporting of Pininfarina S.p.A., also considering the provisions of article 154-bis.3/4 of Legislative decree no. 58 of 24 February 1998, state that the administrative and accounting policies adopted for the preparation of the consolidated financial statements:

- are adequate in relation to the company's characteristics and

- have been effectively applied during the year.

◊ Moreover, they state that

- The consolidated financial statements:

- have been prepared in accordance with the International Financial Reporting Standards endorsed by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

- are consistent with the accounting ledgers and records;

- are suitable to give a true and fair view of the financial position, financial performance and cash flows of the issuer and the group of companies included in the consolidation scope;

The annual financial report includes a reliable analysis of the issuer's and consolidated companies' financial position and financial performance, as well as a description of the main risks and uncertainties to which they are exposed.

23 March 2023

| Chief Executive Officer<br>Silvio Pietro Angori<br>(signed on the original) | Manager in charge of<br>financial reporting<br>Roberta Miniotti<br>(signed on the original) |
|---|---|

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# INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Pininfarina S.p.A.

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Opinion

We have audited the consolidated financial statements of Pininfarina S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Pininfarina S.p.A. (the "Company" or the "Parent Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to the information provided in paragraph "Going concern" of Note 2.1 "Basis of preparation" of the consolidated financial statements and in paragraph "Going concern" of the Directors' report about events and circumstances that indicate the existence of a material uncertainty that may cast significant doubts on the Company and the Group's ability to continue as a going concern. In the same paragraphs, the Directors explain the reasons why they considered it appropriate to use the going concern assumption in preparing the consolidated financial statements as at December 31, 2022. Our opinion is not modified in respect of this matter.

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Our audit procedures included the following:

- meetings and discussions with Company management and analysis of the assessments made by the Directors and management regarding the ability of the Company and the Group to continue as a going concern;
- analysis of the 2023 budget approved by the Board of Directors on January 16, 2023 and of the reasonableness of the underlying assumptions;
- examination of variances between the initial forecasted data and the actual results as of December 31, 2022 in order to assess the accuracy of the estimation process adopted by the Directors;
- review of the minutes of the meetings of the Company's governance bodies;
- analysis of the calculations performed by the Directors when measuring covenants under existing loan agreements;
- review of events after the reporting date;
- review of the disclosures provided by the Directors in relation to the going concern assumption.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

| *Impairment test of non-current assets* | |
|---|---|
| **Description of the key audit matter** | The consolidated financial statements of the Pininfarina Group for the year ended December 31, 2022 include non-current assets of Euro 37,133 thousand, mainly relating to "Property, plant and equipment" of Euro 32,489 thousand (including Euro 15.1 million of land, buildings, plant and equipment and other tangible assets related to non-operating industrial sites), "Right-of-use assets" of Euro 2,345 thousand and "Intangible assets" of Euro 665 thousand.<br>The Directors' assessment of the presence of indicators of impairment of the Group's non-current assets led them to test for impairment the assets allocated to the "Engineering Germany" and "Pininfarina Shanghai Co Ltd" CGUs whose recoverable amount was estimated by determining their value in use using the discounted cash flow method.<br>The result of the impairment test showed that no impairment adjustment was necessary.<br><br>The processes and methods used to assess and determine recoverable amount are based on complex assumptions that require the use of the Directors' judgment, particularly with regard to forecasting future cash flows and determining the long-term growth rates and discount rates applied to forecasted future cash flows. |

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| | |
|---|---|
| | In view of the complexity of Management's assessment process and the subjectivity of the estimates relating to the determination of cash flows and key variables of the impairment test model, we considered the impairment testing of non-current assets to be a key audit matter in relation to the Group's consolidated financial statements as at December 31, 2022.<br><br>Note 4 provides information on the CGUs identified by the Group's chief operating decision-maker. Note 5 discloses information on significant judgments regarding the presence of impairment indicators and the determination of recoverable amount, including details of the key assumptions used in the impairment test. |
| **Audit procedures performed** | Our audit work included the following procedures, also with the support of our specialists with specific expertise in valuation matters:<br><br>• gain an understanding of the process adopted in preparing the impairment test approved by the Company's Board of Directors;<br>• analysis of the operating and financial forecasts of the "Engineering Germany" and "Pininfarina Shanghai Co Ltd" CGUs and of the reasonableness of the assumptions made when preparing them;<br>• review of the variances between initial forecasted results and actual results at December 31, 2022 in order to understand the accuracy of the estimation process adopted by the Directors;<br>• review of the reasonableness of the impairment test model and related parameters, also through comparison with external data and information;<br>• analysis of events occurring after the reporting date;<br>• review of the information provided in the notes to the financial statements in relation to non-current assets and the impairment test. |

***Recoverability of the value of the Bairo Canavese industrial site***

| | |
|---|---|
| **Description of the key audit matter** | The caption "Property, plant and equipment" in the consolidated financial statements for the year ended December 31, 2022 includes, *inter alia*, the net carrying amount of land, buildings, plant and other tangible assets related to the Bairo Canavese industrial site, as recognized for a total amount of Euro 11.2 million.<br>Since the expiry of a business lease agreement on December 31, 2019, said industrial site, is no longer operational, pending the finalization of its redeployment for production purposes.<br><br>Management tested the recoverability of the amount recognized in the financial statements for the site by comparing it with the fair value determined on the basis of an appraisal carried out by an expert appointed by the Company. Given the materiality of this item and the specialist expertise required to audit the estimate of the fair value of the industrial site, we considered the recoverability of the carrying amount of this site to be a key audit matter in relation to the consolidated financial statements of the Pininfarina Group at December 31, 2022.<br><br>Note 5 contains disclosures on this item |

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**Audit procedures performed**

Our audit work included the following procedures, also with the support of our specialists with specific expertise in valuation matters:

- meetings and discussions with Management in order to obtain information on the aforementioned industrial site);
- analysis of the methods used to estimate the fair value of the Bairo Canavese industrial site;
- analysis of the appraisal prepared by the expert hired by the Company and of the reasonableness of the underlying assumptions made when estimating the fair value of the industrial site, also through comparison with external data and information;
- review of the information provided in the notes to the financial statements.

## Other Matter

The consolidated financial statements of the Pininfarina Group for the year ended December 31, 2021 were audited by another auditor who on April 20, 2022 expressed an unmodified opinion on those statements including an emphasis of matter paragraph for material uncertainty related to going concern.

## Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group'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 they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 International Standards on Auditing (ISA Italia) 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 consolidated financial statements.

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As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- 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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, 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 applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

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**Other information communicated pursuant to art. 10 of the EU Regulation 537/2014**

The Shareholders' Meeting of Pininfarina S.p.A. has appointed us on May 13, 2022 as auditors of the Company for the years from December 31, 2022 to December 31, 2030.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

**Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815**

The Directors of Pininfarina S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements as at December 31, 2022, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2022 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

**Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98**

The Directors of Pininfarina S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of the Pininfarina Group as at December 31, 2022, including their consistency with the related consolidated financial statements and their compliance with the law.

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We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of the Pininfarina Group as at December 31, 2022 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of the Pininfarina Group as at December 31, 2022 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

**Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254**

The Directors of Pininfarina S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
**Giorgio Barbieri**
Partner

Turin, Italy
April 19, 2023

*As disclosed by the Directors on the first page, the accompanying consolidated financial statements of Pininfarina S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Pininfarina S.p.A.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Pininfarina S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2022, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to the information provided in paragraph "Going concern" of Note 2.1 "Basis of preparation" of the separate financial statements and in paragraph "Going concern" of the Directors' report about events and circumstances that indicate the existence of a material uncertainty that may cast significant doubts on the Company's ability to continue as a going concern. In the same paragraphs, the Directors explain the reasons why they considered it appropriate to use the going concern assumption in preparing the financial statements as at December 31, 2022. Our opinion is not modified in respect of this matter.

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Our audit procedures included the following:

- meetings and discussions with Company management and analysis of the assessments made by the Directors and management regarding the ability of the Company and the Group to continue as a going concern;
- analysis of the 2023 budget approved by the Board of Directors on January 16, 2023 and of the reasonableness of the underlying assumptions;
- examination of variances between the initial forecasted data and the actual results as of December 31, 2022 in order to assess the accuracy of the estimation process adopted by the Directors;
- review of the minutes of the meetings of the Company's governance bodies;
- analysis of the calculations performed by the Directors when measuring covenants under existing loan agreements;
- review of events after the reporting date;
- review of the disclosures provided by the Directors in relation to the going concern assumption.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

| *Recoverability of the carrying amount of investments in the subsidiaries Pininfarina Engineering S.r.l. in liquidation and Pininfarina Shanghai Co. Ltd.* | |
|---|---|
| **Description of the key audit matter** | The financial statements of Pininfarina S.p.A. for the year ended December 31, 2022 include investments in subsidiaries of Euro 14,018 thousand. These include Pininfarina Engineering S.r.l. in liquidation (which, in turn, holds a controlling interest in Pininfarina Deutschland GmbH) as recognized at Euro 12,289 thousand and Pininfarina Shanghai Co. Ltd as recognized at Euro 1,721 thousand.<br><br>The negative performances for the reporting period by indirect subsidiary Pininfarina Deutschland GmbH and subsidiary Pininfarina Shanghai Co. Ltd led the Directors to test these investments for impairment; their recoverable amount was estimated considering their value in use, as determined using the discounted cash flow method.<br><br>Since the net assets of Pininfarina Engineering S.r.l. in liquidation substantially consist of the controlling interest in Pininfarina Deutschland GmbH, the impairment test was performed by estimating the value in use of the indirect subsidiary.<br><br>As a result of the impairment tests, the Directors recognized an impairment loss of Euro 5 million for Pininfarina Engineering S.r.l. in liquidation. |

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| | |
|---|---|
| | The processes and methods used to assess and determine recoverable amount are based on complex assumptions that require the use of the Directors' judgment, particularly with regard to forecasting future cash flows and determining the long-term growth rates and discount rates applied to forecasted future cash flows.<br><br>In view of the materiality of the related carrying amount, the subjectivity of the estimates involved in the determination of cash flows and the key variables of the impairment model, the recoverability of the value of the investments in subsidiaries Pininfarina Engineering S.r.l. in liquidation and Pininfarina Shanghai Co. Ltd was deemed to be a key audit matter in relation to the financial statements of Pininfarina S.p.A. as of December 31, 2022.<br><br>Note 7 provides information on significant assessments of the presence of impairment indicators and the determination of recoverable amount, including details of the key variables used for impairment testing purposes. |
| **Audit procedures performed** | Our audit work included the following procedures, also with the support of our specialists with specific expertise in valuation matters:<br><br>• gain an understanding of the process adopted in preparing the impairment test approved by the Company's Board of Directors;<br>• analysis of the operating and financial forecasts of subsidiary Pininfarina Shanghai Co. Ltd and indirect subsidiary Pininfarina Deutschland GmbH and of the reasonableness of the assumptions made when preparing them;<br>• review of the variances between initial forecasted results and actual results at December 31, 2022 in order to understand the accuracy of the estimation process adopted by the Directors;<br>• review of the reasonableness of the impairment test model and related parameters, also through comparison with external data and information;<br>• analysis of events occurring after the reporting date;<br>• review of the information provided in the notes to the financial statements in relation to investments in subsidiaries and to the impairment test. |
| ***Recoverability of the value of the Bairo Canavese industrial site*** | |
| **Description of the key audit matter** | The caption "Property, plant and equipment" in the financial statements for the year ended December 31, 2022 includes, *inter alia*, the net carrying amount of land, buildings, plant and other tangible assets related to the Bairo Canavese industrial site, as recognized for a total amount of Euro 11.2 million.<br><br>Since the expiry of a business lease agreement on December 31, 2019, said industrial site is no longer operational, pending the finalization of its redeployment for production purposes. |

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| | |
|---|---|
| | Management tested the recoverability of the amount recognized in the financial statements for the site by comparing it with the fair value determined on the basis of an appraisal carried out by an expert appointed by the Company.<br><br>Given the materiality of this item and the specialist expertise required to audit the estimate of the fair value of the industrial site, we considered the recoverability of the carrying amount of this site to be a key audit matter in relation to the financial statements of Pininfarina S.p.A. at December 31, 2022.<br><br>Note 4 contains disclosures on this item. |
| **Audit procedures performed** | Our audit work included the following procedures, also with the support of our specialists with specific expertise in valuation matters:<br><br>• meetings and discussions with Management in order to obtain information on the aforementioned industrial site;<br>• analysis of the methods used to estimate the fair value of the Bairo Canavese industrial site;<br>• analysis of the appraisal prepared by the expert hired by the Company and of the reasonableness of the underlying assumptions made when estimating the fair value of the industrial site, also through comparison with external data and information;<br>• review of the information provided in the notes to the financial statements. |

### Other Matter

The financial statements of Pininfarina S.p.A. for the year ended December 31, 2021 were audited by another auditor who on April 20, 2022 expressed an unmodified opinion on those statements including an emphasis of matter paragraph for material uncertainty related to going concern.

### Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are 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 they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

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The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, 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.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

**Other information communicated pursuant to art. 10 of the EU Regulation 537/2014**

The Shareholders' Meeting of Pininfarina S.p.A. has appointed us on May 13, 2022 as auditors of the Company for the years from December 31, 2022 to December 31, 2030.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

**Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815**

The Directors of Pininfarina S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the financial statements as at December 31, 2022, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at December 31, 2022 have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

**Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98**

The Directors of Pininfarina S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Pininfarina S.p.A. as at December 31, 2022, including their consistency with the related financial statements and their compliance with the law.

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We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of Pininfarina S.p.A. as at December 31, 2022 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Pininfarina S.p.A. as at December 31, 2022 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
**Giorgio Barbieri**
Partner

Turin, Italy
April 19, 2023

*As disclosed by the Directors on the first page, the accompanying financial statements of Pininfarina S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*

# THIRDWARE SOLUTION LIMITED

**Board of Directors**
Mr. Jagdish Mitra - Director
Mr. Nalin Mittal – Director
Mr. P. Ramkrishna Rao - Director (Appointed w.e.f 9th February, 2023)
Mr. Bhavesh Shah - Director (Resigned w.e.f 10th February, 2023)

**Committees of the Board**

**CSR Committee**
Mr. Jagdish Mitra
Mr. Nalin Mittal
Mr. P. Ramkrishna Rao - Director (Appointed w.e.f 9th February, 2023)
Mr. Bhavesh Shah - Director (Resigned w.e.f 10th February, 2023)

**Auditors**
M/s. BSR & CO. LLP, Chartered Accountants
8th floor, Business Plaza,
Westin Hotel Campus,
36/3-8, Koregaon Park Annex,
Mundhwa Road, Ghorpadi,
Pune - 411001, India

**Bankers**
Citi Bank
Kotak Mahindra Limited

**Registered office**
Unit No.007 & 008, Multistoried Building, AC Wing, SEEPZ,
Andheri (East), Mumbai- 300 096, Maharashtra, India

# CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

All amounts are in Rs.'million

| Particulars | Notes | As at March 31, 2023 |
|---|---|---|
| **Assets** | | |
| **Non-current Assets** | | |
| (a) Property, plant and equipment | 3A | **23.70** |
| (b) Right-of-use assets | 3B | **40.00** |
| (c) Intangible assets | 4 | **0.20** |
| (d) Financial assets-Others | 8A | **20.09** |
| (e) Income Tax Assets (Net) | 16 | **18.71** |
| (f) Deferred tax asset (Net) | 13 | **122.26** |
| **Total Non-current Assets** | | **224.96** |
| **Current Assets** | | |
| (a) Financial assets | | |
| (i) Investments | 5 | **261.10** |
| (ii) Trade receivables | 6 | |
| (1) Billed | | **512.77** |
| (2) Unbilled | | **240.25** |
| (iii) Cash and cash equivalents | 7 | **223.93** |
| (b) Other current assets | 9 | **25.08** |
| Assets classified as held for sale | 3C | **45.16** |
| **Total Current Assets** | | **1,308.29** |
| **Total Assets** | | **1,533.25** |
| **EQUITY AND LIABILITIES** | | |
| **Equity** | | |
| (a) Equity Share capital | 10A | **47.01** |
| (b) Other Equity | 10B | **1,055.84** |
| **Total Equity** | | **1,102.85** |
| **Liabilities** | | |
| **Non-current Liabilities** | | |
| (a) Financial Liabilities | | |
| (i) Lease liabilities | | **22.66** |
| (ii) Other financial liabilities | 11A | **3.72** |
| (b) Provisions | 12A | **10.74** |
| **Total Non-current Liabilities** | | **37.12** |
| **Current liabilities** | | |
| (a) Financial liabilities | | |
| (i) Lease liabilities | | **37.54** |
| (ii) Trade payables | 15A | |
| (1) Dues of Micro and Small Enterprises | | **0.29** |
| (2) Other Creditors | | **238.77** |
| (iii) Other financial liabilities | 11B | **81.50** |
| (b) Provisions | 12B | **4.21** |
| (c) Income Tax Liabilities (net) | 16 | **6.69** |
| (c) Other current liabilities | 14 | **24.28** |
| **Total Current Liabilities** | | **393.28** |
| **Total Equity and Liabilities** | | **1,533.25** |

See accompanying notes forming part of the Consolidated Financial Statements 1 to 33

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD JUNE 03, 2022 TO MARCH 31, 2023

All amounts are in Rs.'million

| | | Notes | Period ended March 31, 2023 |
|---|---|---|---|
| I | Revenue from Operations | 17 | **2,786.02** |
| II | Other income | 18 | **56.40** |
| **III** | **Total Income (I+II)** | | **2,842.42** |
| **IV** | **EXPENSES** | | |
| | Employee benefits expense | 19 | **883.68** |
| | Subcontracting expense | 20 | **996.08** |
| | Finance Cost | | **4.63** |
| | Depreciation and amortisation expense | 21 | **30.06** |
| | Other expenses | 22 | **236.86** |
| | **Total Expenses** | | **2,151.31** |
| **V** | **Profit / (Loss) before tax (III-IV)** | | **691.11** |
| **VI** | **Less: Tax expense** | | |
| | Current tax | 23.1 | **110.72** |
| | Deferred tax | | **25.39** |
| | **Total Tax Expense** | | **136.11** |
| **VII** | **Profit / (Loss) after tax (V-VI)** | | **555.00** |
| **VIII** | **Other Comprehensive Income (OCI)** | | |
| A | I. Items that will not be reclassified to profit or loss | | |
| | (a) Remeasurements of the defined benefit plan | | **1.84** |
| | II. Income tax relating to items that will not be reclassified to profit and loss account" | 23.2 | **(0.54)** |
| | | | **1.30** |
| B | I. Items that will be reclassified to profit or loss | | |
| | (a) Exchange differences in translating the Financial Statements of Foreign Operations - gain/(loss) (net)" | | **5.74** |
| | (b) Fair value changes on derivatives designated as cash flow hedge, net" | | **(9.90)** |
| | II. Income tax relating to items that will be reclassified to profit and loss account" | 23.2 | **(1.24)** |
| | | | **(5.40)** |
| | **Total Other Comprehensive Income / (Loss) (A+B)** | | **(4.10)** |
| **IX** | **Total Comprehensive Income (VII+VIII)** | | **550.90** |
| | **Earnings per Equity Share (Face Value Rs 10)** | | |
| | Basic and diluted (in Rs.) | 24 | **118.06** |

See accompanying notes forming part of the Consolidated Financial Statements 1 to 33

# CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD JUNE 03, 2022 TO MARCH 31, 2023

All amounts are in Rs.'million

| Particulars | Notes | Period ended March 31, 2023 |
|---|---|---|
| **Cash flows from operating activities** | | |
| **Profit before Tax** | | **691.11** |
| Adjustments for: | | |
| Profit on Sale of Investment (Net) | | **(36.05)** |
| Interest Income | | **(2.62)** |
| Assets Written Off | | **1.79** |
| Loss on Sale of Assets | | **0.03** |
| Interest on Lease liabilities | | **4.63** |
| MTM gain on Investment | | **(17.72)** |
| MTM on Forward Contracts Net | | **5.79** |
| Unrealised Exchange (Gain) / Loss | | **1.83** |
| Gain on disposal of property, plant and equipment | | **0.03** |
| Depreciation and amortisation expenses | | **30.06** |
| | | **678.87** |
| Net change in: | | |
| (Increase)/ Decrease in trade and other receivables | | **(89.11)** |
| (Increase)/ Decrease in other assets | | **2.52** |
| Increase/(Decrease) in trade and other payables | | **57.80** |
| | | **(28.79)** |
| Cash used in operating activities before taxes | | **650.08** |
| Income taxes paid net | | **(102.17)** |
| **Net cash used in operating activities** | (A) | **547.91** |
| **Cash flows from investing activities** | | |
| Payments to acquire Property, Plant and Equipment | | **(0.70)** |
| Proceeds on sale of Property, Plant and Equipment | | **0.02** |
| Interest Income | | **2.62** |
| Proceeds from sale/ redemption of/ (purchase of) Mutual funds and other investments. | | **301.80** |
| **Net cash generated by investing activities** | (B) | **303.74** |
| **Cash flows from financing activities** | | |
| Dividends paid on equity shares | | **(4,912.3)** |
| Payment of Lease liabilities | | **(31.44)** |
| Finance Costs | | **(0.00)** |
| Net cash used in financing activities | (C) | **(4,943.77)** |
| Net Increase in cash and cash equivalents | (A+B+C) | **(4,092.12)** |
| Cash and cash equivalents at the beginning of the year | 7 | **4,317.66** |
| Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies | | **(1.61)** |
| **Cash and cash equivalents at the end of the year (Refer Note 7)** | 7 | **223.93** |

See accompanying notes forming part of the Consolidated Financial Statements

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD JUNE 03, 2022 TO MARCH 31, 2023

**A. Equity Share Capital**

**(1) Current Reporting Period**

All amounts are in Rs.'million

| Balance at June 03, 2022 | Changes in Equity Share Capital due to prior period errors | Restated balance at June 03, 2022" | Changes in equity share capital during the current year | Balance at March 31, 2023 |
|---|---|---|---|---|
| 47.01 | - | 47.01 | - | 47.01 |

**B. Other equity**

All amounts are in Rs.'million

| Particulars | Reserves and surplus | | | | Items of other comprehensive income | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Securities premium reserve | General reserve | Retained earnings | Total | Foreign currency translation reserve | Effective portion of Cash flow hedges | Remeasurements of the net defined plan | Total | Total Other Equity |
| **Balance at June 03, 2022** | **86.39** | **-** | **5,362.71** | **5,449.10** | **5.79** | **(7.34)** | **(30.28)** | **(31.83)** | **5,417.27** |
| Profit for the year | - | - | 555.00 | 555.00 | - | - | - | - | 555.00 |
| Other comprehensive income for the period, net of income tax | - | - | - | - | - | (11.14) | 1.30 | (9.83) | (9.83) |
| **Total comprehensive income/ (Loss) for the period** | **-** | **-** | **555.00** | **555.00** | **-** | **(11.14)** | **1.30** | **(9.83)** | **545.16** |
| Exchange differences arising on translating the foreign operations | - | - | - | - | 5.74 | - | - | 5.74 | 5.74 |
| Payment of dividends | - | - | (4,912.34) | (4,912.34) | - | - | - | - | (4,912.34) |
| **Balance at March 31, 2023** | **86.39** | **-** | **1,005.37** | **1,091.76** | **11.53** | **(18.48)** | **(28.97)** | **(35.92)** | **1,055.84** |

See accompanying notes forming part of the Consolidated Financial Statements

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JUNE 03, 2022 TO MARCH 31, 2023

All amounts are in ₹'million

### 3A. Property, plant and equipment

**For the year ended March 31, 2023**

| Particulars | Cost | | | | | Accumulated depreciation and impairment | | | | | Carrying Amount |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as at June 03, 2022 | Additions/ Adjustment | Disposal/ Adjustment | Others | Balance as at March 31, 2023 | Balance as at June 03, 2022 | Disposal/ Adjustment | Depreciation expense | Others | Balance as at March 31, 2023 | Balance as at March 31, 2023 |
| **Property plant and equipment** | | | | | | | | | | | |
| Building and structures | 242.94 | - | (242.94) | - | - | 131.06 | (131.06) | - | - | - | - |
| Data processing equipments | 68.97 | 0.56 | (2.59) | (0.30) | 66.64 | 48.38 | (2.67) | 6.26 | - | 51.97 | 14.68 |
| Office equipments | 14.43 | 0.23 | (1.48) | 0.26 | 13.45 | 13.32 | (1.08) | 0.14 | - | 12.38 | 1.07 |
| Furniture and fixtures | 80.93 | - | (5.73) | - | 75.20 | 71.38 | (4.43) | 1.33 | - | 68.28 | 6.92 |
| Electrical installations | 12.78 | | (0.52) | 0.04 | 12.30 | 11.10 | - | 0.17 | - | 11.26 | 1.04 |
| Subtotal | **177.11** | **0.79** | **(10.31)** | **-** | **167.59** | **144.18** | **(8.18)** | **7.89** | **-** | **143.89** | **23.70** |
| **Total** | **177.11** | **0.79** | **(10.31)** | **-** | **167.59** | **144.18** | **(8.18)** | **7.89** | **-** | **143.89** | **23.70** |

### 3B. Right-of-use assets

| Particulars | Cost | | | | | Accumulated depreciation and impairment | | | | | Carrying Amount |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as at June 03, 2022 | Additions/ Adjustment | Disposal/ Adjustment | Others | Balance as at March 31, 2023 | Balance as at June 03, 2022 | Disposal/ Adjustment | Depreciation expense | Others | Balance as at March 31, 2023 | Balance as at March 31, 2023 |
| Building and structures | - | 160.80 | - | - | 160.80 | - | 99.39 | 21.41 | - | 120.80 | 40.00 |
| **Total** | **-** | **160.80** | **-** | **-** | **160.80** | **-** | **99.39** | **21.41** | **-** | **120.80** | **40.00** |

## 3C. Assets classified as held for sale

| Particulars | Cost | | | | | Accumulated depreciation and impairment | | | | | Carrying Amount |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as at June 03, 2022 | Additions/ Adjustment | Disposal/ Adjustment | Others | Balance as at March 31, 2023 | Balance as at June 03, 2022 | Disposal/ Adjustment | Depreciation expense | Others | Balance as at March 31, 2023 | Balance as at March 31, 2023 |
| Building and structures | - | 82.13 | - | - | 82.13 | - | 36.25 | 0.72 | - | 36.97 | 45.16 |
| **Total** | **-** | **82.13** | **-** | **-** | **82.13** | **-** | **36.25** | **0.72** | **-** | **36.97** | **45.16** |

**Note:** Consequent to a resolution of Board of Directors dated December 23, 2023 , the company has re-classified its office building as ‘Held for sale’. The company has appointed a consultant in pursuit of the proposed sale of the office building which is expected to be completed within 12 months. The company expects to realise sale consideration more than the carrying value.

## 4. Intangible assets

**For the year ended March 31, 2023**

| Particulars | Cost | | | | Accumulated depreciation and impairment | | | | Carrying Amount |
|---|---|---|---|---|---|---|---|---|---|
| | Balance as at June 03, 2022 | Additions | Disposals | Balance as at March 31, 2023 | Balance as at June 03, 2022 | Amortisation expense | Disposals | Balance as at March 31, 2023 | Balance as at March 31, 2023 |
| Software / Licences acquired | 47.11 | 0.14 | (3.14) | 44.11 | 47.00 | 0.05 | (3.13) | 43.91 | 0.20 |
| **Total** | **47.11** | **0.14** | **(3.14)** | **44.11** | **47.00** | **0.05** | **(3.13)** | **43.91** | **0.20** |

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

**1. Corporate Information**

Thirdware Solution Limited (referred to as “the Company”) and its subsidiary (collectively referred to as “the Group”) are engaged in the business of Consulting, Design, Implementing and Support of Enterprise Applications, Cloud Applications and Robotic Process Automation and other related services and from the sale of license and subscription for Software Products.

The Company is a public limited company incorporated and domiciled in India. The Company caters to Domestic and International market. The address of its Registered Office is Unit no.7 & Unit no.8, Multistoried Building, Ac Wing, SEEPZ, Andheri (East), Mumbai - 400096, Maharashtra, India, having CIN No: U72900MH1995PLC089765 and website: www. thirdware.com.

In order to be competitive with the large Companies in the IT industry and to have an aggressive growth plan, The Group have collaborated with Tech Mahindra Limited, one of the large IT Companies in India which will help them to enhance their business by providing a wide breadth and scale of services to its customers. With effect from June 03, 2022 the Company has become a wholly owned subsidiary of Tech Mahindra Limited.

**2. Significant accounting policies**

The following are the list of all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Statement of compliance**

These consolidated financial statements are prepared in accordance with Indian Accounting Standards (“Ind AS” and the provisions of the Companies Act, 2013 (“the 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 the relevant amendment rules issued thereafter.

**2.2 Basis for preparation of Consolidated Financial statements:**

**2.2.1 Historical cost convention**

Items included in the Consolidated Financial Statements of each of the Group’s entities are measured using the currency of the primary economic environment in which these entities operate (i.e. the “functional currency”). These consolidated financial statements are presented in Indian Rupee (₹), the national currency of India, which is the functional currency of the Group.

These consolidated financial statements have been prepared on the historical cost convention on the accrual basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities have been classified as current and non-current as per the Group’s normal operating cycle. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Group has considered an operating cycle of 12 months.

**Current/ Non-current classification**

The Group classifies an asset as current asset when:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is 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 classified as current when –

- it expects to settle the liability, or intends to sell it, in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest Million as per the requirement of Schedule III (Division II) of the Companies Act, 2013, unless otherwise stated.

**2.3 Basis of consolidation**

The consolidated financial statements comprise the financial statements of Thirdware Solution Limited and its 100% subsidiary Thirdware Solution Inc*. (the Company and its subsidiary constitute “the Group”). The Company consolidates all entities which are controlled by it.

The Company determines the basis of control in line with the requirements of Ind AS 110, Consolidated Financial Statements.

The Company controls an entity when it is exposed to, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary are entities controlled by the Company. The financial statements of subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Consolidated financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances, transactions including unrealized gain / loss from such transactions and cash flows are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group.

Changes in the Company’s interests in subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Company.

Note: The company in its Board meeting dated March 29, 2023 have approved the winding up of the Thirdware Solution Inc. which is expected to be completed in subsequent year.

**2.4 Use of estimates and judgements**

The preparation of Consolidated Financial statements requires the management of the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the Consolidated Financial statements, disclosure of contingent liabilities as at the date of the Consolidated Financial statements, and the reported amounts of income and expenses during the reported period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Critical accounting estimates

**1. Revenue Recognition**

The Group applies the percentage of completion method in accounting for its fixed price development contracts. Use of the percentage of completion method requires the Group to estimate the efforts or costs expended to date (input method) as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date. The Group exercises judgments while determining the transaction price allocated to performance obligations using the expected cost plus margin approach.

**2. Income taxes and deferred taxes**

The major tax jurisdictions for the Group 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. 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 Group 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.

**3. Property, plant and equipment**

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation 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 Group’s assets are determined by management at the time the asset is acquired and reviewed at the end of each reporting period. 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.

**4. Provisions**

A provision is recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**5. Defined benefit plans and compensated absences**

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. 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.

**6. Expected credit losses on financial assets**

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group’s past history, customer’s creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

**2.5 Business combinations**

Business Combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Estimates are required to be made in determining the value of contingent considerations and intangible assets. These valuations are conducted by independent valuations experts. Business combinations between entities under common control are accounted for at carrying value. These measurements are based on expectations and assumptions that have been deemed reasonable by the Management.

Transactions costs that the group incurs in connection with a business combination such as finder’s fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

The Group does not obtain joint control of a business that is a joint operation, and hence the Group does not re-measure previously held interests in that business. The Group will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

**2.6 Revenue Recognition**

Revenue of the group is primarily derived from Consulting, Design, Implementation and Support of Enterprise Applications, Cloud Applications and Robotic Process Automation and other related services and from the sale of license and subscription for Software Products. Revenue is measured at the transaction price. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Arrangement with customers for above related services, are either on a time and materials or fixed price basis. The Group presents revenues net of indirect taxes in its consolidated statement of Profit and loss.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those products or services.

In arrangements for Application Development and Application Management related services and maintenance services, the group has applied the guidance in Ind AS 115, Revenue from contract with customers, by applying the revenue recognition criteria for each distinct performance obligations. The arrangements with customers generally meet the criteria for considering Application Development and Application Management and related services as distinct performance obligations. For allocating the transaction price, the group has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the Group is unable to determine the standalone selling price, the Group uses the expected cost plus margin approach in estimating the standalone selling price. For Application Development and Application Management and related services, the performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

In accordance with Ind AS-37, The Group recognizes an onerous contract provision when the unavoidable cost of meeting up obligation exceed the economic benefit to be received.

The Group disaggregates revenue from contracts with customers by nature of services, geography and industry verticals

- **Time and material contracts**

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

- **Fixed-price contracts**

  Revenue from fixed price maintenance contracts is recognised based on the right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If invoicing is not consistent with value delivered, revenue is recognized as the services are performed. When services are performed through an indefinite number of repetitive acts over a specified period, revenue is recognised on a straight-line basis over the specified period unless some other method better represents the manner in which services are performed.

  Revenue on fixed price development contracts is recognised using the ‘percentage of completion’ method of accounting, unless work completed cannot be reasonably estimated. 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 Group 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 consolidated statement of profit and loss in the period in which such losses become probable based on the current contract estimates.

- **Annual Maintenance Contracts**

  Revenue is recognized ratably over the term of the underlying maintenance arrangement.

- **Outcome Based Contracts**

  Revenue from Outcome Based contracts are recognised based on the actual outcome delivered to customer during the month as specified in the contract.

- **Subscription and Sale of Licenses of Software Products**

  Revenue from licenses where the customer obtains a “right to use” the license is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a “right to access” is recognized over the access period. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). The group has applied the principles under Ind AS 115 to account for revenues from these performance obligations. When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on the irrelative standalone selling prices. In the absence of a standalone selling price for implementation, the performance obligation is estimated using the expected cost plus margin approach. Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognized using the percentage – of – completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the performance obligations are satisfied. ATS revenue is recognized ratably over the period in which the services are rendered.

  The solutions offered by the Group may include supply of third party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Group is acting as the principal or as an agent of the customer. The Group recognizes gross amount of consideration as revenue when it is acting as a principal and net amount of consideration as revenue when it is acting as an agent.

- **Contract Assets, Unbilled revenue, Contract Liabilities (Unearned revenues) and Advance payment received**

  Contracts assets are recognised when there is excess of revenue earned over billings on contracts. Contract

  assets are classified as unbilled revenue when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms ‘Unbilled revenues’ represent revenue from the end of the last invoicing to the reporting date. Contract liabilities(Unearned revenues) represent billing in excess of revenue recognized. Advance payments received from customers for whom no services have been rendered are presented as ‘Advance from customers’.

- **Other income**

  Other income consists primarily of interest income, dividend income, gain/loss on investments sold. Interest Income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest Income on fixed deposit is recognised using the effective interest method. Interest Income is recognized in the consolidated statement of profit and loss for debt instruments measured at amortised cost. Dividend income is recognized when the right to receive payment is established.

**2.7 Leases**

The Groups lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset. At the date of commencement of the lease, the Group recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets 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 Unit (CGU) to which the asset belongs. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment of whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### 2.8 Cost recognition

Cost and expense are recognised when incurred and have been classified according to their nature.

The costs of the Group are broadly categorised into employee benefit expense, cost of technical subcontractors, depreciation and amortization, and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds, and staff welfare expenses, training, recruitment and insurance expenses. Cost of Technical Sub-Contractors include technical and support services provided onsite and offshore by technical contractors, vendor program fees and Marketing support services. Other operating expenses mainly include fees paid to professionals, cost of running facilities, membership and conference expenses, communication expenses and other expenses.

### 2.9 Foreign currency transactions and translation

In preparing the Consolidated Financial statements of the Group, transactions in currencies other than the entity’s functional currency (foreign currency) are translated into the functional currency using the exchange rates prevailing at the date of 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.

Non-monetary assets and liabilities denominated in foreign currency and measured at historical cost are translated at the exchange rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The translation of financial statements of the foreign subsidiary to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash flow items using the average exchange rate for the respective periods. The gain or losses resulting from such translation are included in currency translation reserves under other components of equity. When a subsidiary is disposed off, in full, the relevant amount is transferred to net profit in the consolidated Statement of Profit and Loss.

However, when a change in the parent’s ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

### 2.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and Deferred taxes are recognized in the statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Deferred Tax on Mark to Market (MTM) Gain /

(Loss) on mutual funds are taxed under nature of Long Term Capital Gains at the effective tax rate prevailing on the date of the reporting period.

**Current Income-tax**

The tax currently payable is based on taxable profit for the year of the Company and its subsidiary. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax payable by the Group in India is Indian income tax payable on worldwide income after taking credit for tax relief available for export operations in Special Economic Zones (SEZ).

The 'Taxation laws (Amendment) Ordinance, 2019' has reduced tax rate to 25.63% (22% plus surcharge of 12% and cess of 4%) as against existing rate of 29.12% (25% plus surcharge of 12% and cess of 4%). The reduced rate will be applicable, if MAT credit, exemptions or incentives, additional depreciation, etc., are not claimed.

The Company has represented that it is beneficial to continue to adopt the existing income tax rate, as the Company will have the benefit of MAT credit entitlement and exemption or deduction available for export operations in Special Economic Zones which lead to reduction in tax payments in future years. Accordingly, the Company opted for and paid the existing applicable income tax rate.

The current income tax expense for overseas subsidiary has been computed based on the tax laws applicable to the subsidiary in the respective jurisdiction in which it operates.

Advance taxes and provisions for current income taxes are presented in the balance sheet after offsetting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit intends to settle the asset and liability on a net basis.

**Deferred Tax**

Deferred income tax is recognized using the balance sheet approach. Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in these consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

Deferred tax liabilities are recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiary 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.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For operations carried out in SEZs, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future tax liability. Accordingly, MAT is recognized as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

**2.11 Financial Instruments**

Financial assets and financial liabilities are recognised when a Group becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value.

**2.11.1 Financial Assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at fair value, except trade receivables which are measured at transaction price.

**2.11.2 Cash and cash equivalents**

The Group's cash and cash equivalents consist of cash on hand and in bank and demand deposits with banks, and are considered part of the Group's cash management system.

**2.11.3 Non-derivative Assets/ liabilities**

**2.11.3.1 Initial recognition**

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit and loss, are added to the fair value on initial recognition. Regular purchase and sale of financial assets are accounted for at trade date.

**2.11.3.2** Financial assets such as rent deposits which are held within the business model to hold the asset in order to collect contractual cash flows and the contractual terms of the instrument give rise on specified dates to cash flows as measured at amortised cost. Other Financial Assets such as investment in mutual funds are measured at fair value through profit or loss (FVTPL). Investment in Commercial Papers and Government Bonds are measured at amortised Cost. Financial liabilities are measured at fair value through profit or loss (FVTPL).

The gain or loss on disposal of financial instruments is recognized in the statement of profit and loss.

**2.11.3.3 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 prepared as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. These comprise trade receivables, unbilled revenues, cash and cash equivalents and other assets.

**2.11.3.4 Trade and other payables**

Trade and other payables are initially recognized at fair value. For these financial instruments, the carrying amounts approximate fair value due to the short term maturity of these instruments.

**2.11.4 Derivative financial instruments**

The Group is exposed to foreign currency fluctuations on foreign currency assets, liabilities and forecasted cash flows nominated in foreign currency. The Group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. The Group designates some of these forward contracts as hedge instruments and accounts for them as cash flow hedges applying the recognition and measurement principles set out in Ind AS 109.

The Group limits the effect of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Group enters into derivative financial instruments where the counterparty is primarily a bank.

**Cash flow hedge**

As per Ind AS 109, an entity may choose to designate a hedging relationship between a hedging instrument and a hedged item, i.e., hedge accounting is an option provided qualifying criteria are met.

The hedge instruments are designated and documented as hedges at the inception of the contract. The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows.

The Group designates foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on recognised assets, liabilities and highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedge reserve till the period the hedge was effective remains in cash flow hedge reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedge reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedge reserve is reclassified to net profit in the Statement of Profit and Loss.

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to the statement of profit and loss in the period in which the underlying hedged transaction occurs.

During the period the Group has recognized Fair value changes on derivatives designated as cash flow hedge of Rs (9.90) Millions net and Income tax on the same of Rs. (1.24) Millions under Items that will be reclassified subsequently to profit or loss (Other comprehensive income).

**2.11.4.1. Impairment**

**(A) Impairment of financial assets**

The Group applies the expected credit loss model for recognising impairment loss on financial assets, lease receivables, trade receivables and other contractual rights to receive cash or other financial assets.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are a portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Group measures loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that results from transactions that are within the scope of Ind AS 115, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience.

**(B) Impairment of tangible and intangible assets**

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 Unit (CGU) to which the asset belongs.

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**2.11.4.2. Derecognition of financial instruments**

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**2.12 Financial liabilities and equity**

Debt and equity instruments issued by a Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the ‘Other income’ line item.

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired.

**2.13 Provisions and contingent liabilities**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying 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.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the consolidated financial statements.

**2.14 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management.

Due to the 100% acquisition of the Group by Tech Mahindra Limited effective June 03, 2022, the Group has decided to align its method of depreciation with that of its parent Company. Hence with effect from April 01, 2022 the Group has decided to change the method of depreciation from written down value method to straight line method.

Depreciation is recognised so as to write off the cost of property, plant and equipment less their residual values over their useful lives, using the straight line method in accordance with the provisions of Schedule II of the Companies Act, 2013. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

| **Particulars** | **Life** |
|---|---|
| Buildings and structures | 28 to 50 years |
| Data processing equipments | 2 to 5 years |
| Office equipments | 3 to 5 years |
| Furniture and fixtures | 3 to 10 years |
| Electrical Installations | 3 to 10 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 flows to the Group and the cost of the item can be measured reliably.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under ‘Capital work-in-progress’. Subsequent expenditures relating to property, plant and equipment are capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item has been measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Assets to be disposed of are reported at the lower of the carrying value or the fair value less cost to sell.

Depreciation is not recorded on capital WIP until construction & installation is Complete and assets are ready for its intended use.

**2.15 Intangibles**

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized using the written down value method. The estimated useful lives, residual values and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Internally generated intangible assets in the development phase are recognised as Intangible assets under Development., which comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the management.

Intangible assets consist of rights under licencing agreement and software licence which are amortised over licence period which equates the useful life ranging between 2-5 years.

**2.16 Employee benefits**

**2.16.1 Defined Contribution Plan**

Contributions to defined contribution plans are recognised as an expense when employees have rendered services entitling them to such benefits.

**2.16.2 Defined Benefit Plan**

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the other comprehensive income for the period in which they occur. Past service cost both vested and unvested is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.The retirement benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

**2.16.3 Short-term benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are recorded as expenses as the related service is provided. A liability is recognized for the amount expected to be paid if the Group 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.

**2.16.4 Compensated absences**

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

**2.17 Earnings per share**

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of equity shares outstanding during the period, except where the results would be anti-dilutive.

**2.18 Cash flow statement**

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

**2.19 Dividend**

Final dividend on shares is recorded as a liability on the date of approval by the shareholder, and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

The company paid an interim dividend during the financial year 2022-23 amounting to Rs.4,912.34 million out of the accumulated profits / reserves of the Company.

**2.20 Recent Pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Group does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group is evaluating the impact, if any, in its financial statements.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its financial statements.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JUNE 03, 2022 TO MARCH 31, 2023

All amounts are in ₹'million

**5. Investments**

**Current Investments**

| Particulars | As at March 31, 2023 | | |
|---|---|---|---|
| | Currency | Units (Nos) | Amount |
| **Unquoted Investments (all fully paid)** | | | |
| Investments in Mutual Funds carried at Fair Value through P&L(Refer Note 1 below) | INR | 978,360.70 | 261.10 |
| **TOTAL AGGREGATE UNQUOTED INVESTMENTS** | | **978,360.70** | **261.10** |
| **Less : Aggregate amount of impairment in value of investments (B)** | | - | - |
| **Total Investments Carrying Value (A) - (B)** | | **978,360.70** | **261.10** |

**Details of investment**

**Current investments**

**Note No. 1 : Investment in mutual fund**

| Particulars | As at March 31, 2023 | | | |
|---|---|---|---|---|
| | Currency | Face Value | Units (Nots) | Amount |
| SBI Liquid Fund Direct Growth fund | INR | 500 | 108,639.60 | 188.08 |
| Axis Banking and PSU Fund - Growth Regular * | INR | 1,000 | 21,871.79 | 48.85 |
| SBI Short Term Debt Fund ** | INR | 500 | 847,849.30 | 24.17 |
| **Total** | | | **978,360.70** | **261.10** |

* Marked lien with Citibank against Foreign Exchange Pre Settlement Risk facility to the extent of Units 21871.79 with market value INR 48.85 million as of March 31, 2023.

** Marked lien with Citibank against Foreign Exchange Pre Settlement Risk facility to the extent of Units 847849.304 with market value INR 24.17 million as of March 31, 2023.

| Particulars | As at March 31, 2023 |
|---|---|
| | Amount |
| Aggregate amount of quoted Investments. | **261.10** |
| Aggregate Market value of quoted Investments. | **261.10** |

**6. Trade receivables : Current**

| Particulars | As at March 31, 2023 |
|---|---|
| **Trade receivables Billed (Unsecured)** | . |
| (a) Considered good | **512.77** |
| Less: Allowance for expected credit loss | **-** |
| | **512.77** |
| **Trade Receivables - Unbilled (Unsecured, Considered Good)*** | **240.25** |
| **Total** | **753.02** |

Above balances of Trade Receivables include balances with Related Parties (Refer Note 30)

* Refer Note 8

All amounts are in ₹'million

**7. Cash and cash equivalents**

| Particulars | As at March 31, 2023 |
|---|---|
| Balances with Banks | |
| In Current Account | **223.93** |
| In Deposit Account (original maturities less than three months) | **-** |
| Cash and cash equivalents as per balance sheet and as per statement of cash Flow's | **223.93** |

**8. Other financial assets**

**8A. Other financial assets - Non current**

| Particulars | As at March 31, 2023 |
|---|---|
| Security Deposit | **20.09** |
| **Total** | **20.09** |

**9. Other current assets**

| Particulars | As at March 31, 2023 |
|---|---|
| Prepaid Expenses | **7.59** |
| Balance with Government Authorities | **9.44** |
| Contract Assets* | **7.15** |
| Reimbursable Expenses from Customers | **0.43** |
| Others | **0.47** |
| **Total** | **25.08** |

Contract assets**

Changes in the contract assets balances during the year ended March 31, 2023 is as follows:

| Particulars | As at March 31, 2023 |
|---|---|
| **Contract assets:** | |
| **Opening Balance** | **-** |
| Add: Revenue recognised during the year | **173.13** |
| Less: Invoiced during the year | **165.98** |
| **Closing Balance** | **7.15** |

Remaining performance obligations.

The remaining performance obligations disclosure provides the aggregate amount of the transaction price yet to be recognised as of the end of the reporting period and an explanation as to when the Group expects to recognise these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the remaining performance obligation for contracts where the entity has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in scope of contracts, periodic revalidations, adjustments for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as of March 31, 2023 other than those meeting the exclusion criteria mentioned above, is Rs.96.89 Million. Out of this, the Company expects to recognise 100% of the revenue within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessments the occurrence of the same is expected to be remote.

Unearned Revenue.

Changes in the unearned revenue balances during the year ended March 31,2023 are as follows:

All amounts are in ₹'million

| Particulars | As at March 31, 2023 |
|---|---|
| **Unearned Revenue** | |
| **Opening Balance** | **-** |
| Less: Revenue recognised that was included in the unearned revenue at the beginning of the year | **-** |
| Add: Invoiced during year (excluding revenue recognized during the year) | **13.53** |
| **Closing Balance** | **13.53** |

**10. Equity**

**10A. Equity Share Capital**

| Particulars | Number of Shares | As at March 31, 2023 |
|---|---|---|
| **Authorised Share capital :** | | |
| Fully paid equity shares of Rs.10 each | 7,995,000 | **79.95** |
| Fully paid Preference shares of Rs.10 each | 5,000 | **0.05** |
| | 8,000,000 | **80.00** |
| **Issued, subscribed and paid up capital comprises:** | | |
| Fully paid equity shares of Rs.10 each | 4,700,800 | **47.01** |
| (March 31, 2023: 4,700,800 fully paid equity shares of Rs.10 each) | | |
| **Total Issued, subscribed and paid up capital** | 4,700,800 | **47.01** |

**10A.1 The Reconciliation of number of Shares Outstanding and Amount of Share Capital.**

| Particulars | Number of Shares | As at March 31, 2023 |
|---|---|---|
| Equity Shares at the beginning of the year | 4,700,800 | **47.01** |
| Add: Bonus Shares Issued | - | **-** |
| Less: Shares Bought Back | - | **-** |
| **Equity Shares at the end of the year** | 4,700,800 | **47.01** |

**10A.2 Rights, preferences and restrctions attached to shares**

**Equity Shares**

The Company has a single class of Equity shares having a par value of Rs. 10 /- each. Accordingly all equity shares rank equally with regards to dividend and shares in the companies residual assets. The equity shares are entitled to receive dividend as declared from time to time. In the event of Liquidation of the company, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of all preferential amounts in proportion to the no. of equity shares held.

**10A.3 Details of shares held by each shareholder holding more than 5% shares**

| Particulars | As at March 31, 2023 | |
|---|---|---|
| | **Number of shares held** | **% holding in the class of shares** |
| Fully paid equity shares | | |
| Tech Mahindra Limited and its beneficiaries. | 4,700,800 | **100.00%** |
| **Total** | 4,700,800 | **100.00%** |

**Dividend**

During the year under review, the Board of Directors at its meeting held on July 29, 2022, have approved payment of 1st Interim Dividend of Rs.830/- per Equity Share (@ 8300%) on 4,700,800 Equity Shares of the Company of face value of Rs.10/- each fully paid-up aggregating to Rs.3901.66 million.

All amounts are in ₹'million

The Board of Directors at its meeting held on December 23, 2022, have also approved another payment of 2nd Interim Dividend of Rs.170/- respectively per Equity Share (@ 170%) on 4,700,800 Equity Shares of the Company of face value of Rs.10/- each fully paid-up aggregating to Rs.799.14 million.

The Board of Directors at its meeting held on March 29, 2023 have also approved another payment of 3rd Interim Dividend of Rs.45/- respectively per Equity Share (@ 45%) on 4,700,800 Equity Shares of the Company of face value of Rs.10/- each fully paid-up aggregating to Rs.211.54 million.

The aforesaid dividend payment is in compliance with the provisions of The Companies Act and its related Rules.

* Shares Held under Beneficiaries

The shares of the Company are held with 6 other beneficiaries along with Tech Mahindra Ltd.

**10B. Other Equity**

| **Particulars** | **As at March 31, 2023** |
|---|---|
| **Securities premium reserve ( Note 1)** | |
| Balance at beginning of the year | **86.39** |
| Movements during the year | **-** |
| **Balance at end of the year (A)** | **86.39** |
| **Foreign currency translation ( Note 2)** | |
| Balance at beginning of year | **5.79** |
| Exchange differences arising on translating the foreign operations | **5.74** |
| **Balance at end of the year (B)** | **11.53** |
| **Retained earnings ( Note 3)** | |
| Balance at beginning of year | **5,362.71** |
| Profit/(Loss) attributable to owners of the Company | **555.00** |
| Payment of dividends / Interim dividend on equity shares | **(4,912.34)** |
| **Balance at end of the year (C)** | **1,005.37** |
| **Other Comprehensive Income ( Note 4)** | |
| Balance at beginning of the year | **(37.62)** |
| Other comprehensive income arising from re-measurement of defined benefit obligation net of income tax | **1.30** |
| Fair value changes on derivatives designated as cash flow hedge, net of tax | **(11.14)** |
| **Balance at end of the year (D)** | **(47.45)** |
| **Total (A+B+C+D)** | **1,055.84** |

**Note 1:**

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

**Note 2:**

Exchange differences relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Group's presentation currency i.e. Rs. 5.74 million are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Gains and losses on derivatives that are designated as hedging instruments for hedges of net investments in foreign operations are included in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating both the net assets of foreign operations and hedges of foreign operations) are reclassified to profit or loss on the disposal of the foreign operation.

**Note 3:**

Retained Earnings represent the amount of accumulated earnings of the Company.

All amounts are in ₹'million

**Note 4:**

Other components of Equity consist of remeasurement of net defined benefit liability / (asset), net of taxes and cash flow hedge Reserve.

## 11. Financial liabilities

### 11A. Other financial liabilities - Non Current

| Particulars | As at March 31, 2023 |
|---|---|
| Foreign currency forward contracts payables | 3.72 |
| **Total** | **3.72** |

### 11B. Other financial liabilities - Current

| Particulars | As at March 31, 2023 |
|---|---|
| Foreign currency forward contracts payables | 18.05 |
| Accrued Salaries and Benefits | 63.45 |
| **Total** | **81.50** |

## 12. Provisions

### 12A. Provisions - Non current

| Particulars | As at March 31, 2023 |
|---|---|
| Provision for Employee benefits | |
| Gratuity | 0.69 |
| Compensated absences | 10.04 |
| **Total** | **10.74** |

### 12B. Provisions - Current

| Particulars | As at March 31, 2023 |
|---|---|
| **Provision for Employee benefits** | |
| Compensated absences | 4.21 |
| **Total** | **4.21** |

## 13. Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

| Particulars | As at March 31, 2023 |
|---|---|
| Deferred tax assets | 128.99 |
| Deferred tax liabilities | (6.72) |
| **Total** | **122.26** |

All amounts are in ₹'million

**Note No. i : Current Year (2022-2023)**

| Particulars | Opening balance | Recognised in profit or loss | Recognised in other comprehensive income | Recognised in Retained Earnings | Closing balance |
|---|---|---|---|---|---|
| **Deferred tax (liabilities)/assets in relation to:** | | | | | |
| MAT | 126.86 | (19.41) | - | - | 107.45 |
| Property, plant and equipment, Intangibles and Leases. | 16.02 | (11.90) | - | - | 4.13 |
| Employee Benefits | 10.69 | (7.80) | - | - | 2.89 |
| Others | (4.15) | 13.71 | (1.77) | - | 7.79 |
| **Total** | **148.83** | **(25.39)** | **(1.77)** | **-** | **122.26** |

Note : The unrecognised tax credits i.e. MAT credit will expire in A.Y. 2034-35 for Rs. 55.34 million, A.Y 2035-36 for Rs. 21.85 million, A.Y 2036-37 for Rs.30.26 million.

**14. Other current liabilities**

| Particulars | As at March 31, 2023 |
|---|---|
| Unearned / Deferred revenue | **13.53** |
| Statutory Liabilities | **10.75** |
| **Total** | **24.28** |

**15. Trade payables**

**15A. Trade payables - Current**

| Particulars | As at March 31, 2023 |
|---|---|
| Trade payables | **112.81** |
| Dues to Micro and Small Enterprises | **0.29** |
| Accrued expenses | **125.96** |
| **Total** | **239.06** |

During the current year and previous year the company did not enter in any transaction with struck off companies

The average credit period on trade payables is 30 days. No interest is paid on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Trade payables include due to supplier under The Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act) as at March 31, 2023.The disclosure persuant to the said Act is as under:

| Particulars | As at March 31, 2023 |
|---|---|
| Principle amount due to suppliers under MSMSED Act | **0.29** |
| Interest accrued and remaining unpaid at the end of the year to supliers under MSMED Act | **-** |
| Total interest paid on all delayed payments during the year under MSMED Act | **-** |

All amounts are in ₹'million

**Trade Payables aging schedule**
**March 31, 2023**

| Particulars | Not Due | Outstanding for following periods from due date of payment | | | | |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) MSME | 0.29 | - | - | - | - | 0.29 |
| (ii) Others | 105.77 | 7.03 | - | - | - | 112.81 |
| (iii) Disputed dues – MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| **Total** | **106.06** | **7.03** | **-** | **-** | **-** | **113.10** |
| Accrued expenses | | | | | | 125.96 |
| **Total Trade payables** | | | | | | **239.06** |

**16. Income Tax Assets (Net)**

| Particulars | As at March 31, 2023 |
|---|---|
| **Income Tax Assets** | |
| Benefit of tax losses to be carried back to recover taxes paid in prior periods | |
| Tax refund receivable | **18.71** |
| **Total Income Tax Assets** | **18.71** |
| Less: Income tax payable | **6.69** |
| **Income Tax Assets (Net)** | **12.02** |
| Income Tax Assets (non-current portion) | **18.71** |
| Income Tax Liabilities (current portion) | **6.69** |

**17. Revenue from operations**

| Particulars | Period ended March 31, 2023 |
|---|---|
| Sale of Services | **2,786.02** |
| **Total** | **2,786.02** |

**DISCLOSURES FOR REVENUE FROM CONTRACTS WITH CUSTOMERS**

Revenue disaggregation by nature of services is as follows:

| Nature of services | Period ended March 31, 2023 |
|---|---|
| IT Services | **2,786.02** |
| **Total** | **2,786.02** |

**Revenue disaggregation by Geography is as follows:**

| Nature of services | Period ended March 31, 2023 |
|---|---|
| India | **653.88** |
| America | **1,986.63** |
| Rest of the world | **145.51** |
| **Total** | **2,786.02** |

All amounts are in ₹'million

**Industry vertical wise:**

| **Nature of services** | **Period ended March 31, 2023** |
|---|---|
| Manufacturing | **2,414.16** |
| Technology | **212.42** |
| Banking, Financial services and Insurance. | **127.82** |
| Retail, Transport and Logistics | **24.51** |
| Others | **7.12** |
| **Total** | **2,786.02** |

**18. Other Income**

| **Particulars** | **Period ended March 31, 2023** |
|---|---|
| Interest Income on financial assets | **2.62** |
| Net gain on disposal / fair valuation of Investments carried at fair value through profit and loss | **53.77** |
| **Total** | **56.40** |

**19. Employee benefits expense**

| **Particulars** | **Period ended March 31, 2023** |
|---|---|
| Salaries and Wages | **831.89** |
| Contribution to provident and other funds | **42.03** |
| Staff Welfare expenses | **9.76** |
| **Total** | **883.68** |

**20. Subcontracting expenses**

| **Particulars** | **Period ended March 31, 2023** |
|---|---|
| Consultancy Charges | **985.61** |
| Vendor Management Fees | **10.47** |
| **Total** | **996.08** |

**21. Depreciation and amortisation expense**

| **Particulars** | **Period ended March 31, 2023** |
|---|---|
| Depreciation on property, plant and equipment | **8.61** |
| Depreciation on Right of Use Asset | **21.41** |
| Amortisation of intangible assets | **0.05** |
| **Total depreciation and amortisation** | **30.06** |

**22. Other expenses**

| **Particulars** | **Period ended March 31, 2023** |
|---|---|
| Advertisement and Sales Promotion | **1.56** |
| Repairs and Maintenance | **17.07** |
| Bank charges | **0.88** |
| Power and Fuel | **2.91** |
| Insurance | **8.79** |
| Comunication Expenses | **2.80** |
| Membership fees and Conference Expenses | **37.51** |
| Office Expenses | **3.33** |
| Other Assets and Expenses Written Off | **1.79** |
| Recruitment expenses | **4.13** |

All amounts are in ₹'million

| Particulars | Period ended March 31, 2023 |
|---|---|
| Professional Fees* | **17.82** |
| Rates and Taxes | **1.05** |
| Sitting Fees paid to directors | **0.20** |
| Corporate Social Responsibilty expenditure | **9.10** |
| Loss on sale of asset (net) | **0.03** |
| Purchase- Subscription Charges | **92.92** |
| Foreign Exchange Loss (net) | **28.00** |
| Miscelleneous expenses | **6.99** |
| **Total** | **236.86** |

***Includes Payment to Auditors**

| Particulars | As at March 31, 2023 |
|---|---|
| a) For audits | **4.61** |
| b) For other services | **1.35** |
| **Total** | **5.96** |

**Expenditure incurred for corporate social responsibility (CSR)**

| Particulars | As at March 31, 2023 |
|---|---|
| Amount required to be spent by the company during the year | **Rs 9.10 million** |
| Amount of expenditure incurred | **Rs 9.10 million** |
| (i) Construction/acquisition of any asset | |
| (ii) On purposes other than (i) above | **Rs 9.10 million** |
| Shortfall at the end of the year | **Nil** |
| Total of previous years shortfall | **Nil** |
| Reason for shortfall | **NA** |
| Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard:- | |
| Mahindra Educational Institutions (MEI) | **Rs 9.10 million** |
| Nature of CSR activities | **Welfare Project expenses. Program Support Cost , Academics Cost Technical Education** |

As per section 135 of the Companies Act, 2013, amount required to be spent by the Company during the year ended March 31, 2023 is Rs.9.10 million respectively, computed at 2% of its average net profit for the immediately preceding three financial years, on Corporate Social Responsibility (CSR). During the year the Company has incurred expenditure of Rs.9.10 million towards CSR expenditure for purposes other than construction / acquisition of any asset.

**23.1 Income tax recognised in profit or loss**

| Particulars | Period ended March 31, 2023 |
|---|---|
| **Current tax** | |
| In respect of the current period | **110.87** |
| In respect of prior years | **(0.16)** |
| | **110.72** |
| **Deferred tax** | |
| In respect of the current period | **25.39** |
| | **25.39** |
| **Total income tax expense** | **136.11** |

All amounts are in ₹'million

The tax rate used for the FY 2022-23 is the corporate tax rate of 29.12%, payable by corporate entities in India on taxable profits under the Indian tax law. The tax rate used for the FY 2022-23 for USA Subsidiary is the Federal tax rate of 21.00%, payable by Corporations in the USA on taxable profits under the USA tax law.

**23.2 Income tax recognised in other comprehensive income**

| Particulars | Period ended March 31, 2023 |
|---|---|
| Arising on income and expenses recognised in other comprehensive income: | |
| Re-measurement of defined benefit obligation | **0.54** |
| Fair value changes on derivatives designated as cash flow hedge, net | **1.24** |
| Total (A) | **1.77** |
| Relating to financial assets measured at fair value through other comprehensive income | |
| On disposal of a foreign operation | **-** |
| Total (B) | **-** |
| Total income tax recognised in other comprehensive income (A+B) | **1.77** |
| Bifurcation of the income tax recognised in other comprehensive income into:- | |
| Items that will not be reclassified to profit or loss | **0.54** |
| Items that may be reclassified to profit or loss | **1.24** |

**24. Earnings per share**

| Particulars | Period ended March 31, 2023 |
|---|---|
| Net Profit attributable to shareholders after taxation | **555.00** |
| Equity Shares outstanding as at the end of the period (in nos.) | **4700800** |
| Weighted average Equity Shares outstanding as at the end of the period (in nos.) | **4700800** |
| Number of Equity Shares used as denominator for calculating Diluted Earnings Per Share | **4700800** |
| Nominal Value per Equity Share (in Rs) | **10.00** |
| - Earnings Per Share (Basic) (in Rs) | **118.06** |
| - Earnings Per Share (Diluted) (in Rs) | **118.06** |

**25. Subsidiaries**

Details of the Group's subsidiaries at the end of the reporting period are as follows.

| Name of subsidiary | Type | Principal activity | Place of incorporation and operation | Proportion of ownership interest and voting power held by the Group |
|---|---|---|---|---|
| | | | | As at March 31, 2023 |
| Thirdware Solution Inc, USA | Direct Subsidiary | Information Technology Software Services | USA | 100% |

**25.1 Composition of the Group**

Information about the composition of the Group at the end of the reporting period is as follows:

| Principal activity | Place of incorporation and operation | Number of wholly-owned subsidiaries |
|---|---|---|
| | | As at March 31, 2023 |
| Thirdware Solution Inc, USA | USA | 100% |

**26. Employee benefit plans**

**26.1 Defined benefit plans**

**Gratuity**

The Company sponsors funded defined benefit plan for qualifying employees in respect of gratuity. The defined benefit plan are administered by a separate Fund that is legally separated from the entity. Such Fund is maintained by public body separately.

Under the plan, the employees are entitled to retirement / exit amounts based on Company policy and applicable laws.

| | |
|---|---|
| Inherent Risk | The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks. |

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at March 31, 2023 by Actuarial Valuer. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows.

| **Particulars** | | **As at March 31, 2023** |
|---|---|---|
| Discount rate(s)* | | **7.35%** |
| Expected rate(s) of salary increase** | | **5.00%** |
| Mortality rates*** | | |
| | **Age(Years)** | **Rates (p.a.)** |
| | 18 | **0.000874** |
| | 23 | **0.000936** |
| | 28 | **0.000942** |
| | 33 | **0.001086** |
| | 38 | **0.001453** |
| | 43 | **0.002144** |
| | 48 | **0.003536** |
| | 53 | **0.006174** |
| | 58 | **0.009651** |

* The discount rate is based on the prevailing market yields of Indian Government Securities as at the Balance sheet date for the estimated term of the obligations.

** The estimates of future Salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

*** Based on India's standard mortality table with modification to reflect expected changes in mortality/ others.

All amounts are in ₹'million

**Sensitivity Analysis**

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points.

| **Particulars** | **As at March 31, 2023** | |
|---|---|---|
| | **Discount Rate** | **Salary Escalation Rate** |
| Impact of increase in 100bps on DBO | -4.46% | 4.92% |
| Impact of decrease in 100bps on DBO | 4.85% | -4.60% |

Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows.

| **Particulars** | **As at March 31, 2023** |
|---|---|
| Service cost: | |
| Current service cost | **9.90** |
| Past service cost and (gain)/loss from settlements | **-** |
| Interest on net defined benefit liability / (asset) | **0.09** |
| Components of defined benefit costs recognised in profit or loss | **9.98** |
| Remeasurement on the net defined benefit liability: | |
| Return on plan assets (excluding amounts included in net interest expense) | **1.16** |
| Actuarial (gains) / losses arising from changes in demographic assumptions | **-** |
| Actuarial (gains) / losses arising from changes in financial assumptions | **(7.26)** |
| Actuarial (gains) / losses arising from experience adjustments | **(0.05)** |
| Others [describe] | **-** |
| Adjustments for restrictions on the defined benefit asset | |
| Components of defined benefit costs recognised in other comprehensive income | **(6.14)** |
| **Total** | **3.84** |

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows.

| **Particulars** | **As at March 31, 2023** |
|---|---|
| Present value of funded defined benefit obligation | **51.48** |
| Fair value of plan assets | **50.79** |
| **Funded status** | **(0.69)** |
| Restrictions on asset recognised | **-** |
| Others [describe] | **-** |
| Net liability arising from defined benefit obligation | **(0.69)** |

Movements in the present value of the defined benefit obligation are as follows.

| Particulars | As at March 31, 2023 |
|---|---|
| Opening defined benefit obligation | **75.04** |
| Current service cost | **9.90** |
| Interest cost | **3.80** |
| Remeasurement (gains)/losses: | |
| Actuarial gains and losses arising from changes in demographic assumptions | **-** |
| Actuarial gains and losses arising from changes in financial assumptions | **(7.26)** |
| Actuarial gains and losses arising from experience adjustments | **(0.05)** |
| Others [describe] | |
| Exchange differences on foreign plans | |
| Benefits paid | **(29.95)** |
| **Closing defined benefit obligation** | **51.48** |

Movements in the fair value of the plan assets are as follows.

| Particulars | As at March 31, 2023 |
|---|---|
| Opening fair value of plan assets | **68.48** |
| Interest income | **3.71** |
| Remeasurement gain (loss): | |
| Return on plan assets (excluding amounts included in net interest expense) | **(1.16)** |
| Contributions from the employer | **9.71** |
| Benefits paid | **(29.95)** |
| **Closing fair value of plan assets** | **50.79** |

**26.2 Compensated Absences**

The actuarial valuation has been carried out using the Projected Accrued Benefit Method which is same as the Projected Unit Credit Method in respect of past service. Under this method, the Defined Benefit Obligation is calculated taking into account pattern of availment of leave whilst in service and qualifying salary on the date of availment of leave. In addition, if encashment of leave on cessation of service is allowed as per the leave policy, the Defined Benefit Obligation is calculated taking into account all types of decrement and qualifying salary projected up to the assumed date of encashment.

The principal assumptions used for the purposes of the actuarial valuations were as follows.

| Particulars | | As at March 31, 2023 |
|---|---|---|
| Discount rate(s) | | **7.35%** |
| Expected rate(s) of salary increase | | **5.00%** |
| Mortality rates* | | |
| | Age(Years) | **Rates (p.a.)** |
| | 18 | **0.000874** |
| | 23 | **0.000936** |
| | 28 | **0.000942** |
| | 33 | **0.001086** |
| | 38 | **0.001453** |
| | 43 | **0.002144** |
| | 48 | **0.003536** |
| | 53 | **0.006174** |
| | 58 | **0.009651** |

* The discount rate is based on the prevailing market yields of Indian Government Securities as at the Balance sheet date for the estimated term of the obligations.

All amounts are in ₹'million

** The estimates of future Salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

*** Based on India's standard mortality table with modification to reflect expected changes in mortality/ others.

**Leaving Service**

**Rates of leaving Services**

| Particulars | | As at March 31, 2023 |
|---|---|---|
| | 21-30 | **25.00%** |
| | 31-40 | **20.00%** |
| | 41-50 | **15.00%** |
| | 51-54 | **10.00%** |

**27. Financial instruments**

**27.1 Capital management**

The group manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders.

The capital structure of the group consists of equity of the group (comprising issued capital, reserves and retained earnings) and the group does not have any debt.

The group is not subject to any externally imposed capital requirements

The group's risk management committee reviews the capital structure on a periodic basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

Categories of financial assets and financial liabilities

The carrying value and fair value of financial instruments by categories as of 31 March 2023 are as follows

| Particulars | Amortised cost | Financial assets / liabilities at fair value through Profit or loss | Financial assets / liabilities at fair value through Other comprehensive Income | Total carrying value | Total fair value |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and cash equivalents (Refer note 7) | 223.93 | - | - | 223.93 | 223.93 |
| Investments (Refer note 5)* | - | 261.10 | - | 261.10 | 261.10 |
| Trade receivables (Refer note 6) | 753.02 | - | - | 753.02 | 753.02 |
| Other financial assets (Refer note 8) ** | 20.09 | - | - | 20.09 | 20.09 |
| **Total** | **997.03** | **261.10** | **-** | **1,258.13** | **1,258.13** |
| **LIABILITIES** | | | | | |
| Trade and other payables (Refer note 15) | 239.06 | - | - | 239.06 | 239.06 |
| Lease Liabilities | 60.20 | - | - | 60.20 | 60.20 |
| Other financial liabilities (Refer note 11) | 63.45 | 21.76 | - | 85.22 | 85.22 |
| **Total** | **362.71** | **21.76** | **-** | **384.48** | **384.48** |

* On account of fair value changes including Interest accrued.

** Excludes interest accrued on tax free bonds, commercial papers and bonds.

All amounts are in ₹'million

## 27.2 Financial risk management objectives

The group is exposed primarily due to fluctuations in foreign currency exchange rates, credit, liquidity and interest rate risks, which may adversely impact the fair value of its financial instruments.

The group has a risk management policy which covers risk associated with the financial assets and liabilities

The risk managment policy is approved by the Management team of the group.

The focus of the risk managment is to assess the unpredictability of the financial enviornment and to mitigate potential adverse effects on the financial performance of the group.

### 1 Credit risk

**RISK**

Credit risk is the risk of financial loss arising from the counterparty failure to repay or service debt according to contractual terms or obligations.

Credit risk emcompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks.

**GROUP STRATEGY**

The group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults.

The group's exposure are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

This information is supplied by independent rating agencies where available and, if not available, the group uses other publicly available financial information and its own trading records to rate its major customers.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled revenue, investments, derivative financial instruments, cash and cash equivalent, bank deposits and other financial assets.

**EXPOSURE**

**Credit exposure**

Credit risk on cash and cash equivalents, bank deposits is limited as the group generally invest in deposits with banks. Investments primarily include investments in bonds issued by the government and mutual funds units with high credit rating given by domestic credit rating agencies. There is no significant concentration of credit risk.

Trade receivables consist of a large number of customer, spread across geographical areas except for large customers who is a related party. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs.1258.13 million as at March 31, 2023.

Financial assets designated as at FVTPL

| **Particulars** | **As at March 31, 2023** |
|---|---|
| Carrying amount of financial assets designated as at FVTPL | **261.10** |
| Cumulative changes in fair value attributable to changes in credit risk | - |
| Changes in fair value attributable to changes in credit risk recognised during the year | - |

**Trade receivables**

The average credit period on sales is 60 - 90 days.The Company has not recognised any allowance for doubtful debts since all are considered good and realizable.

All amounts are in ₹'million

**Age of receivables that are past due but not impaired**

**Current Period (2022-23)**

| Particulars | Not Due | Outstanding for following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 year | Total |
| (i) Undisputed Trade receivables – considered good | 497.80 | 14.96 | - | - | - | - | 512.77 |
| Trade Receivable-Billed | 497.80 | 14.96 | - | - | - | - | 512.77 |
| Trade Receivable-Unbilled | 240.25 | | | | | | 240.25 |
| **Total** | | | | | | | **753.02** |

Note: For Unbilled Trade Receivables, refer Note 8

Movement in the allowance for doubtful debts

| Particulars | As at March 31, 2023 |
|---|---|
| Balance at beginning of the year | - |
| During the year | - |
| **Balance at end of the year** | - |

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

**2. MARKET RISK**

**RISK**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, liquidity and other market changes. The group's exposure to market risk is primarily on account of foreign currency exchange rate risk. The group enters into derivative financial instruments to manage its exposure to foreign currency risk.

**2(a) Foreign currency risk**

**RISK**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss, where any transaction references more than one currency or where assets / liabilities are dominated in a currency other than the functional currency of the group. The group as per its risk managment policy, uses derivative instruments primarilty to hedge foreign exchange. Any movement in the functional currency of the various operations of the group against major foreign currencies may impact the group's revenue in international business.

**GROUP STRATEGY**

The group evaluates the impact of the foreign exchange rate fluctuation by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies.

It is the policy of the group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts within 90% to 100% of the exposure generated. The group also enters into forward foreign exchange contracts to manage the risk associated with anticipated sales and purchase transactions out to 30 months within 50% to 60% of the exposure generated. Basis adjustments are made to the carrying amounts of non-financial hedged items when the anticipated sale or purchase transaction takes place.

All amounts are in ₹'million

The following table details the forward contracts outstanding at the end of the reporting period:

| Outstanding Contracts | Average exchange rate | Foreign currency contracts | Fair value assets (liabilities) |
|---|---|---|---|
| | As at March 31, 2023 | As at March 31, 2023 | As at March 31, 2023 |
| **Fair value hedges** | | | |
| **Sell Currency USD** | | | |
| Less than 6 months | 82.69 | 11.81 | 11.81 |
| 6 to 12 months | 82.79 | 9.90 | 9.90 |
| 12 to 24 months | 84.47 | 6.56 | 6.56 |
| More than 24 months | - | - | 0.00 |
| **Buy Currency USD** | | | |
| Less than 6 months | 81.96 | 0.50 | 0.50 |
| 6 to 12 months | - | - | - |

The group has entered into contracts to supply Information Technology Software Services in the markets of USA and Europe. The group has entered into forward foreign exchange contracts (for terms not exceeding 30 months) to hedge the exchange rate risk arising from these anticipated future transactions, which are designated at Fair Value through statement of profit and loss.

The group has entered into contracts for purchases from suppliers in markets of USA and Europe. The group has entered into forward foreign exchange contracts (for terms not exceeding 12 months) to hedge the exchange rate risk arising from these anticipated future purchases, which are designated into fair value statement of profit and loss.

At March 31, 2023, the aggregate amount of net gains/(loss) under forward foreign exchange contracts recognised in statement of profit and loss relating to the exposure on these anticipated future transactions is Rs. (5.79 million).

**EXPOSURE**

| Particulars | Liabilities | Assets |
|---|---|---|
| | As at March 31, 2023 | As at March 31, 2023 |
| Currency USD | **1.62** | **-** |
| Currency EUR | **-** | **-** |

**SENSITIVITY ANALYSIS**

The following table details the group's sensitivity to a 5% increase and decrease in the Rupees in millions against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. For a 5% weakening of the Rs., there would be a comparable impact on the profit or equity, and the balances below would be negative.

| Particulars | Currency USD Impact | Currency Euro Impact |
|---|---|---|
| | As at March 31, 2023 | As at March 31, 2023 |
| Profit or loss before tax | **(0.08)** | **-** |
| Equity net of tax | **(0.06)** | **-** |

All amounts are in ₹'million

## 2(b) Liquidity risk

### RISK

Liquidity risk is the risk that the group cannot meet its financial obligations.

### GROUP STRATEGY

The group consistently generated sufficient cash flow from operations to meet its financial obiligations as and when they fall due.

### EXPOSURE

The table provides the details of the contractual maturities of significant financial obligations.

**As at March 31, 2023**

| Particulars | Due in 1st year | Due in 2nd year | Due in 3rd year | Due after 3rd year |
|---|---|---|---|---|
| **Non derivative financial liabilities** | | | | |
| Trade and other payables | 239.06 | - | - | - |
| Other financial liabilities | 0.69 | - | - | - |
| Provisions | 4.90 | 5.02 | 5.02 | - |
| Other Current Liabilities | 24.28 | - | - | - |
| Lease Liability | 37.54 | 22.66 | - | - |
| **Total** | **306.48** | **27.68** | **5.02** | **-** |
| Derivative financial liabilities | | | | |
| Forward Contract Payables | 16.94 | 4.80 | - | - |
| **Total** | **16.94** | **4.80** | **-** | **-** |

### SENSITIVITY ANALYSIS

### NON DERIVATIVE FINANCIAL INSTRUMENTS

The following tables detail the group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the group may be required to pay.

| Particulars | As at March 31, 2023 | | | |
|---|---|---|---|---|
| | Non-interest bearing | Variable interest rate instruments | Fixed interest rate instruments | Financial guarantee contracts |
| Less than 1 year | 268.94 | - | 37.54 | - |
| Greater than 1 year | 10.04 | - | 22.66 | - |
| **Total** | **278.98** | **-** | **60.20** | **-** |

**SENSITIVITY ANALYSIS**

**NON DERIVATIVE FINANCIAL INSTRUMENTS**

The following table details the group’s liquidity analysis for its non derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on non derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those non derivatives that require gross settlement.

| Particulars | As at March 31, 2023 | |
|---|---|---|
| | Net settled foreign exchange forward contracts | Gross settled foreign exchange forward contracts |
| Less than 1 month | 5.69 | 5.69 |
| 1-3 months | 2.46 | 2.46 |
| 3 months to 1 year | 19.23 | 19.23 |
| 1-5 years | 9.71 | 9.71 |
| 5+ years | - | - |

**2 (c) Interest rate risk**

**RISK**

Interest rate risk arises on interest bearing financial instruments recognised in the balance sheet.

**GROUP STRATEGY**

The risk is managed by the group by maintaining an appropriate mix between fixed and floating rate.

**SENSITIVITY ANALYSIS**

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the group’s:

i) profit for the year ended March 31, 2023 would increase/decrease by Rs.0.07 million. This is mainly attributable to the company’s exposure to interest rates on its investments .

**2(d) Counter party risk**

**RISK**

Counterparty risk encompasses issuer risk on marketable securities, settlement risk on derivative and credit risk on cash and time deposits

**GROUP STRATEGY**

The group minimised the counter party risk by only buying securities which are alteast Class I and II rated in India based on Indian rating agencies.

Settlement risk is reduced by the policy of entering into transactions with counterparties that are usually banks or financial institutions with acceptable credit rating.

Exposure to these risks are closely monitored and maintained within predetermined parameters.

There are limits on credit exposure to any financial institution. The limits are regularly assessed and determined based upon credit analysis including financial statements and capital adequacy ratio reviews.

All amounts are in ₹'million

**Fair value hierarchy**

The fair value of cash and cash equivalents, trade receivables, unbilled revenue, trade payables, other current financial assets and liabilities approximate their carrying amount largely due to the nature of these instruments. Investments in liquid and short term mutual fund which are classified as FVTPL are measured using net asset, values at the reporting date multiplied by the quantity held. Fair value of derivative financial instrument is based on observable market inputs.

Level 1 - Quoted 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 or indirectly

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

Fair value heirarchy of assets and liabilities measured at fair value as of 31 March 2023 is as follows:

| Particulars | As at March 31, 2023 | Fair value measurement at end of the reporting period | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **ASSETS** | | | | |
| Investments in mutual fund | 261.10 | 261.10 | - | - |
| **LIABILITIES** | | | | |
| Foreign currency forward contract | 21.76 | - | 21.76 | - |
| Others | 123.65 | - | 123.65 | - |

**28. Operating lease arrangements**

**28.1 The Group as lessee**

**28.1.1 Leasing arrangements**

Operating leases relate to leases of Office premises with lease terms of less than 1 year for FY 2022-23 (Previous year between 1 and 5 years). The Group does not have an option to purchase the leased assets at the expiry of the lease periods.

**28.1.2 Payments recognised as an expense**

| Particulars | As at March 31, 2023 |
|---|---|
| Minimum lease payments | **3.33** |
| **Total** | **3.33** |

**29. Commitments and Contingencies**

**29.1 Contingent liabilities**

Estimated amount of contracts remaining to be executed on account of forward contract amounted to US $ 28.27 Million - Rs.2340.59 million.

**29.2 - Capital Commitments**

Nil

All amounts are in ₹'million

**30. Statement of net assets, profit and loss and other comprehensive income attributable to owners and non-controlling interests**

| Name of the entity | Net Assets, i.e. total assets minus total liabilities | | Share in profit or loss | | Share in Other comprehensive income | | Share in Total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount in Million | As % of consolidated profit or loss | Amount in Million | As % of consolidated other comprehensive income | Amount in Million | As % of Total comprehensive income | Amount in Million |
| **Parent** | | | | | | | | |
| Thirdware Solution Limited | 85.72% | 1,078.90 | 88.50% | 490.00 | 100.00% | (9.83) | 88.30% | 480.16 |
| **Subsidiaries (held directly)*** | | | | | | | | |
| Foreign subsidiaries | | | | | | | | |
| Thirdware Solution Inc, USA | 14.28% | 179.68 | 11.50% | 63.64 | 0.00% | - | 11.70% | 63.64 |
| **Total** | **100.00%** | **1,258.58** | **100.00%** | **553.64** | **100.00%** | **(9.83)** | **100.00%** | **543.81** |
| Less:Adjustment arising out of Consolidation | | (155.74) | | 1.36 | | 9.83 | | 11.19 |
| **Total** | | **1,102.85** | | **555.00** | | **-** | | **555.00** |

* Refer note 25 for the details / composition of Subsidiaries of the Company.

All amounts are in ₹'million

**31. Related Party Disclosures**

**Current Year**

**(a) Name of the Related Parties and Description of Relationship:**

| Nature of Relationship | Name of Entity | Abbreviation used |
|---|---|---|
| Subsidiaries - Direct | Thirdware Solution Inc, USA | A1 |
| Parent-Direct | Tech Mahindra Limited. (w.e.f. June 03, 2022.) | |
| Fellow Subsidiary | Tech Mahindra (Americas), Inc | |
| **Key Management Personnel ("KMP")** | | A2 |
| Whole Time / Executive Directors* | Bhavesh Shah | |
| Current Non Executive Directors | Ramkrishna Rao | |
| | Nalin Mittal | |
| | Jagdish Mitra | |

* Resigned during the year.

Transactions and balances with its own subsidiaries are eliminated on consolidation.

**Related Party Disclosures**

**Current Year**

(b) transactions/ balances with above mentioned related parties

| Particulars | A1 | A2 | Total |
|---|---|---|---|
| | **Period ended March 31, 2023** | **Period ended March 31, 2023** | **Period ended March 31, 2023** |
| Trade Payables | 188.39 | - | 188.39 |
| Trade Receivables | 12.49 | - | 12.49 |
| Unbilled Revenue | 38.53 | - | 38.53 |
| **Transactions** | | | |
| Onsite and Marketing support services. | 832.78 | - | 832.78 |
| Director Remuneration* | - | 18.21 | 18.21 |
| Dividend Paid | 4,912.34 | - | 4,912.34 |
| Revenue from Operations | 53.41 | - | 53.41 |

| A2 | Period ended March 31, 2023 |
|---|---|
| Remuneration to Whole Time /Executive Directors | **18.21** |
| **Total** | **18.21** |

| Directors Remuneration | Period ended March 31, 2023 |
|---|---|
| Bhavesh Shah | **18.21** |
| **Total** | **18.21** |

All amounts are in ₹'million

**32. SEGMENT REPORTING**

**For the years ended March 31, 2023:**

**32.1 Business Segment**

| **Particulars** | **Services** | **Staff Augment** | **Total** |
|---|---|---|---|
| | **Period ended March 31, 2023** | **Period ended March 31, 2023** | **Period ended March 31, 2023** |
| Revenue from Operations | 2,381.93 | 404.09 | 2,786.02 |
| Identifiable Operating Expenses | 1,639.87 | 239.88 | 1,879.76 |
| Allocated expenses | 232.17 | 39.39 | 271.55 |
| **Segment Operating Income** | **509.89** | **124.82** | **634.71** |
| Unallocable Expenses | | | - |
| Other Income, net | | | 56.40 |
| **Profit before tax** | | | **691.11** |
| Tax Expense | | | 136.11 |
| **Profit for the period** | | | **555.00** |
| Depreciation and amortization | | | 30.06 |

Customers Contributing more than 10% of Total Revenue

| **Particulars** | **Services** | **Staff Augment** | **Total** |
|---|---|---|---|
| | **Period ended March 31, 2023** | **Period ended March 31, 2023** | **Period ended March 31, 2023** |
| Customers Contributing more than 10% of Total Revenue | 1,447.65 | 391.14 | 1,838.79 |

**32.2 Geographic Segments**

**For the years ended March 31, 2023:**

| **Particulars** | **Domestic / India** | **Overseas / Rest of World** | **Total** |
|---|---|---|---|
| | **Period ended March 31, 2023** | **Period ended March 31, 2023** | **Period ended March 31, 2023** |
| Revenue from Operations | 645.74 | 2,140.28 | 2,786.02 |
| Identifiable Operating Expenses | 408.89 | 1,470.86 | 1,879.76 |
| Allocated expenses | 56.29 | 215.26 | 271.55 |
| Segment Operating Income | **180.56** | **454.16** | **634.71** |
| Unallocable Expenses | | | - |
| Other Income, net | | | 56.40 |
| Profit before tax | | | **691.11** |
| Tax Expense | | | 136.11 |
| Profit for the period | | | **555.00** |
| Depreciation and amortization | | | 30.06 |

**Customers Contributing more than 10% of Total Revenue**

| **Particulars** | **Domestic / India** | **Overseas / Rest of World** | **Total** |
|---|---|---|---|
| | **Period ended March 31, 2023** | **Period ended March 31, 2023** | **Period ended March 31, 2023** |
| Customers Contributing more than 10% of Total Revenue | 598.20 | 1,240.59 | 1,838.79 |

All amounts are in ₹'million

**Geographic Segments contributing more than 10% of Total Revenue**

| Particulars | Domestic / India | Overseas / Rest of World | Total |
|---|---|---|---|
| | Period ended March 31, 2023 | Period ended March 31, 2023 | Period ended March 31, 2023 |
| Geographic Segments contributing more than 10% of Total Revenue | 653.88 | 1,986.63 | 2,640.51 |

**32.3 Segment Reporting - Notes**

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the 'management approach' as defined in Ind AS 108, the chief Operating Decision Maker (CODM) evaluates the group's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. The accounting principles used in the prepartion of the financial statements are consistently applied to record revenue and expenditure in individual segments.

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment.Certain expenses such as depreciation,which form a significant component of total expenses, are not specially allocable to specific segments as the underlying assets are used interchangeably.

Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Property, plant and Equipment that are used interchangably among segments are not allocated to reportable segments.

**33. ADDITIONAL DISCLOSURES:**

» The Code on Social Security, 2020 ('Code') relating to employee benefits received the Presidential assent in September 2020. The effective date from which the changes are applicable is yet to be notified. The Company will evaluate and will give appropriate impact in the financial statements in the period in which the Code becomes effective and the related rules are published.

» The Company has not advanced or loaned or invested funds to any other person(s) or entity(is), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

» The Company does not have any transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

» The Company has complied with the number of layers for its holding in downstream companies prescribed under clause (87) of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017.

» The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

» The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

# PT TECH MAHINDRA INDONESIA
**Unaudited Financial Statements for the year ended 31st March 2023**

**Board of directors**

Mr. Manish Goenka

Mr. Pranab Choudhury

Mr. Puneet Kumar Chadha

**Registered Office**

Cyber 2 Tower 17th Floor,

JL. HR Rasuna Said Blok x5 Kav.13,

Jakarta Selatan 12950,

Indonesia

**Bankers**

HSBC Bank Ltd.

Bank Mandiri Indonesia

Bank Negara Indonesia

Bank Rakyat Indonesia

# STATEMENT OF FINANCIAL POSITION

| In US Dollar | Notes | 31 March 2023 | 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | **15,821,459** | 11,367,195 |
| Account receivables | 5 | **5,828,213** | 2,433,793 |
| Contract assets | 9 | **5,083,881** | 7,930,303 |
| Lease receivables | 13 | **780,377** | 996,517 |
| Value added tax | | **622,410** | 185,290 |
| Prepaid expenses and advances | | **1,191,396** | 1,204,570 |
| **TOTAL CURRENT ASSETS** | | **29,327,736** | 24,117,668 |
| **NON-CURRENT ASSETS** | | | |
| Deferred tax assets | 12 | **1,793,998** | 1,776,083 |
| Claims for tax refund | 6 | **2,819,551** | 2,057,737 |
| Lease receivables | 13 | **2,398,056** | 3,150,596 |
| Prepaid expenses and advances - Non-Current | | **87,500** | - |
| Property and equipment, net | | **58,463** | 87,986 |
| Other non-current assets | | **-** | 1,667 |
| **TOTAL NON-CURRENT ASSETS** | | **7,157,568** | 7,074,069 |
| **TOTAL ASSETS** | | **36,485,304** | 31,191,737 |
| **LIABILITIES AND EQUITY** | | | |
| **CURRENT LIABILITIES** | | | |
| Account payables | 7 | **3,458,852** | 8,339,215 |
| Employee benefits obligation | | **291,083** | 267,196 |
| Income tax payable | | **3,707,857** | 170,134 |
| Other tax payables | | **248,659** | 389,522 |
| Contract liabilities | 9 | **473,517** | 145,466 |
| **TOTAL CURRENT LIABILITIES** | | **8,179,968** | 9,311,533 |
| **NON-CURRENT LIABILITIES** | | | |
| Employee benefits obligation | | **215,790** | 195,378 |
| Other non-current liability | | **-** | 23,485 |
| **TOTAL NON-CURRENT LIABILITIES** | | **215,790** | 218,863 |
| **TOTAL LIABILITIES** | | **8,395,758** | 9,530,396 |
| **EQUITY** | | | |
| Share capital | 8 | **500,000** | 500,000 |
| Other comprehensive income | | **274,346** | 292,864 |
| Retained earnings | | **27,315,200** | 20,868,477 |
| **TOTAL EQUITY** | | **28,089,546** | 21,661,341 |
| **TOTAL LIABILITIES AND EQUITY** | | **36,485,304** | 33,191,737 |

See Notes to the Financial Statements, which form an integral part of these financial statements.

**Pranab Roy Choudhury**
Director

Date: June 25, 2023

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | 31 March | |
|---|---|---|---|
| In US Dollar | **Notes** | **2023** | 2022 |
| **REVENUE** | 9 | **37,956,123** | 35,163,258 |
| **COST OF REVENUE** | 10 | **(15,808,422)** | (16,864,210) |
| **GROSS PROFIT** | | **22,147,701** | 18,299,048 |
| Operating expenses | 11 | **(12,671,023)** | (9,537,881) |
| Changes in impairment provision on account receivables | | **21,116** | (119,211) |
| Finance income, net | | **26,397** | 291,704 |
| Gain on foreign exchange, net | | **( 816,284)** | 95,317 |
| Other income | | **191,743** | 344,002 |
| **PROFIT BEFORE TAX** | | **8,899,650** | 9,372,979 |
| Income tax expense | 12 | **(2,452,928)** | (2,219,131) |
| **PROFIT** | | **6,446,722** | 7,153,848 |
| **OTHER COMPREHENSIVE INCOME** | | | |
| Changes resulting from actuarial remeasurements of employee benefits obligations | | **(18,513)** | 84,725 |
| Tax on other comprehensive income | 12 | **-** | (18,640) |
| **TOTAL OTHER COMPREHENSIVE INCOME** | | **(18,513)** | 66,085 |
| **TOTAL COMPREHENSIVE INCOME** | | **6,428,209** | 7,219,933 |

See Notes to the Financial Statements, which form an integral part of these financial statements.

**Pranab Roy Choudhury**
Director

Date: June 25, 2023

# STATEMENT OF CHANGES IN EQUITY

| In US Dollar | Share capital | Other comprehensive income | Retained earnings | Total equity |
|---|---|---|---|---|
| Balance as of 31 March 2021 | 500,000 | 226,779 | 13,714,629 | 14,441,408 |
| Profit for the year | - | - | 7,153,848 | 7,153,848 |
| Other comprehensive income | - | 66,085 | - | 66,085 |
| **Balance as of 31 March 2022** | **500,000** | **292,864** | **20,868,477** | **21,661,341** |
| Profit for the year | - | - | 6,446,722 | 6,446,722 |
| Other comprehensive income | - | -18,513 | - | -18,513 |
| **Balance as of 31 March 2023** | **500,000** | **274,352** | **27,315,199** | **28,089,550** |

See Notes to the Financial Statements, which form an integral part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

| In US Dollar | Notes | Year ended 31 March 2023 | 2022 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit | | **6,446,722** | 7,153,848 |
| Adjustments for: | | | |
| Changes in impairment provision on account receivables | 17 | **21,116** | 311,868 |
| Income tax expense | 12 | **2,452,928** | 2,219,131 |
| Finance income, net | | **(26,397)** | (291,704) |
| Depreciation | 11 | **63,914** | 96,937 |
| Operating cash flows before changes in working capital | | **8,958,283** | 9,490,080 |
| Changes in working capital: | | | |
| Account receivables | | **(3,415,539)** | 4,328,040 |
| Contract assets | | **2,846,421** | (1,127,545) |
| Lease receivables | | **491,140** | 1,158,788 |
| Value added tax | | **(437,119)** | 370,403 |
| Prepaid expenses and advances | | **(74,327)** | (506,690) |
| Unearned finance income on leases | | **477,540** | 643,294 |
| Claims for tax refund | | **(761,814)** | 365,278 |
| Other non-current assets | | **1,666** | 37,193 |
| Account payables | | **(4,880,363)** | (5,733,397) |
| Other tax payables | | **(140,856)** | (691,353) |
| Contract liabilities | | **328,051** | (384,397) |
| Employee benefits obligation | | **25,785** | 59,514 |
| Other non-current liability | | **(23,486)** | 20,715 |
| Cash generated from operations | | **3,395,376** | 8,029,923 |
| Interest received | | **1,373** | 279,773 |
| Income tax paid | | **1,065,000** | (2,977,788) |
| Net cash from operating activities | | **4,461,749** | 5,331,908 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Acquisition of property and equipment | | **(34,392)** | (120,745) |
| Interest received on fixed deposit | | **26,901** | 15,577 |
| Net cash used in investing activities | | **( 7,491 )** | (105,168) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repayment of bank overdraft | | **-** | - |
| Interest paid | | **-** | (3,646) |
| Net cash used in financing activities | | **-** | (3,646) |
| **NET INCREASE IN CASH** | | **4,454,265** | 5,223,094 |
| **CASH AT BEGINNING OF YEAR** | | **11,367,195** | 6,144,101 |
| **CASH AT END OF YEAR** | 4 | **15,821,460** | 11,367,195 |

See Notes to the Financial Statements, which form an integral part of these financial statements.

# SEE NOTES TO THE FINANCIAL STATEMENTS, WHICH FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

## 1. GENERAL INFORMATION

PT Tech Mahindra Indonesia (the "Company") was established in the Republic of Indonesia in 2006. The Company commenced its commercial operations on May 1, 2006. The Company's head office is located in Ariobimo Sentral Building at Jalan H.R. Rasuna Said Setiabudi, Jakarta Selatan.

The Company is currently engaged in providing Billing and Customer Care System Managed Services.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### a. Statement of compliance

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards.

### b. Basis of preparation

The financial statements have been prepared on the accrual basis using the historical cost concept, except where the accounting standards require fair value measurement.

### c. Functional and presentation currency

The Company's functional currency is Indonesian Rupiah. The financial statements are presented in United States Dollar ("US Dollar/USD").

In preparing the financial statements of the Company, transactions in currencies other than its functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. The resulting gains or losses are credited or charged to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

### d. Cash equivalents

Short-term time deposits with original maturities of three months or less are considered as cash equivalents.

### e. Financial instruments

#### (i) Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or, fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The financial assets that are measured at amortized cost consist of cash and account receivables. These financial assets are initially recognized at fair value plus directly attributable transaction costs, and subsequently are measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Gains or losses on derecognition of these financial assets are recognized in profit or loss.

**(ii) Financial Liabilities**

Financial liabilities are classified as either measured-at-amortized cost, or at FVTPL. FVTPL financial liability is measured as such if it is classified as held-for-trading, if it is a derivative, or if it is designated as measured-at-FVTPL on initial recognition.

Bank overdraft and account payables are initially recognized at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Gains or losses on derecognition are also recognized in profit or loss.

**(iii) Derecognition**

**Financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred: i.e. when control over the financial asset is relinquished.

In transactions where a financial assets is transferred but the risks and rewards associated with ownership are somehow retained the transferred asset is not derecognized.

**Financial liabilities**

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or otherwise extinguished. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability, based on the modified terms, is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

**(iv) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

**(v) Impairment**

The Company recognizes loss allowances for expected credit loss (“ECL”) on financial assets measured at amortized cost.

**Measurement of ECLs**

ECLs are a probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

**Presentation of allowance for ECL in the statement of financial position**

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Company measures loss allowances at an amount that reflects the lifetime ECL, except for cash in bank for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, wherein the loss allowances are determined based on the 12-month ECL.

Loss allowances for trade and other receivables, and for contract assets that are measured at amortized cost, are measured at an amount that represents the lifetime ECL.

**f. Leases**

At inception of a contract, the Company determines if a contract is, or contains, a lease by considering whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

**Company as a lessee**

A contract conveys the right to control the use of an identified asset if all of the following conditions are meet:

- the contract involves the use of substantially all of the capacity of an identified asset that is physically distinct (as specified explicitly or implicitly in the contract). If the supplier has a substantive substitution right, then the asset cannot be considered as identifiable;

- the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and

- the Company has the right to direct the use of the asset: i.e. it has decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of fixed assets. In addition, the right-of-use asset is periodically reduced by impairment losses if any and adjusted for certain remeasurements (as described below) of the lease liability.

**Company as a lessor**

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognizes lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, the Company applies PSAK 72, Revenue from Customer Contracts, to allocate the consideration in the contract.

**g. Revenue recognition**

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services, net of indirect taxes, discounts, rebates, credits, price concessions, incentives, performance bonuses, penalties, or other similar items.

Revenue from time and material contracts is recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as contract assets.

Revenue from fixed price maintenance contracts is recognized based on the right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If invoicing is not consistent with value delivered, revenue is recognized as the services are performed. When services are performed through an indefinite number of repetitive acts over a specified period, revenue is recognized on a straight-line basis over the specified period unless some other method better represents the manner in which services are performed.

Revenue on fixed price development contracts is recognized using the 'percentage of completion' method of accounting, unless work completed cannot be reasonably estimated. 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 standalone statement of profit and loss in the period in which such losses become probable based on the current contract estimates.

The solutions offered by the Company may include supply of third party equipment or software. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the Company is acting as the principal or as an agent of the customer. The Company recognized gross amount of consideration as revenue when it is acting as a principal and net amount of consideration as revenue when it is acting as an agent.

Contracts assets are recognized when there is excess of revenue earned over billings on contracts.

**Contract liability ("unearned revenue") arises when there are billing in excess of revenue.**

In arrangements for hardware and software implementation and integration, related services and maintenance services, the Company has applied the guidance in PSAK 72 by applying the revenue recognition criteria for each distinct performance obligation. For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the Company is unable to determine the standalone selling price, the Company uses the expected cost-plus margin approach in estimating the standalone selling price. Fixed price development contracts and related services, the performance obligation is satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

Revenue from licenses where the customer obtains a 'right to use' the licenses is recognised at the time the license is made available to the customer. Revenue from licenses where the customer obtains a 'right to access' is recognized over the access period. The Company has applied the principles of PSAK 72 to account for revenues for these performance obligations.

**h. Income tax**

Income tax expense comprises current and deferred corporate income tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Current tax expense is the amount of tax paid, or payable on taxable income or loss for the year, using tax rates substantively enacted as of the reporting date. Current tax also includes true-up adjustments made to the previous years' tax provisions either to reconcile them with the income tax reported in annual tax returns, or to account for differences arising from tax assessments. Current tax expense is measured using the best estimate of the amount expected to be paid or received, taking into consideration the uncertainty associated with the complexity of tax regulations.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted as of the reporting date. This accounting policy also requires the recognition of tax benefits, such as tax loss carry forwards, which are originated in the current period that are expected to be realized in the future periods, to the extent that realization of such benefits is probable.

Deferred tax assets represent the net remaining balance of deferred tax benefits that have been originated and utilized through the reporting date. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of their realization through future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profit will be available against which they can be used.

## 3. USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires 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 these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Critical Judgments in Applying Accounting Policies

In the process of applying the accounting policies described in Note 3, management has not made any critical judgment that has significant impact on the amounts recognized in the financial statements, apart from those involving estimates.

## 4. CASH AND CASH EQUIVALENTS

| | 31 March | |
|---|---|---|
| In US Dollar | **2023** | 2022 |
| Cash in bank | **1,294,926** | 847,021 |
| Short-term time deposits | **14,526,533** | 10,520,174 |
| | **15,821,459** | 11,367,195 |

## 5. ACCOUNT RECEIVABLES

| | 31 March | |
|---|---|---|
| In US Dollar | **2023** | 2022 |
| Account receivables arising from revenue generating activities are from: | **13,381,060** | 9,988,280 |
| Non-related parties | **-** | 19,476 |
| Related parties | **13,381,060** | 10,007,756 |
| | **(7,552,847)** | (7,573,963) |
| Allowance for impairment losses | **5,828,213** | 2,433,793 |

## 6. CLAIMS FOR TAX REFUND

| | 31 March | |
|---|---|---|
| In US Dollar | **2023** | 2022 |
| March 2017 corporate income tax (“CIT”) | **-** | 739,524 |
| March 2018 CIT | **251,316** | - |
| March 2019 CIT | **383,361** | 383,361 |
| Other tax articles | **934,852** | 934,852 |
| | **1,569,529** | 2,057,737 |

On March 2017 CIT, in August 2018 the Company was deemed by the tax office an underpayment of IDR 7,707 million (equivalent to USD 389,270) instead of overpayment of USD 350,254. The Company disagreed with the assessment and in February 2020, has filed an appeal letter. In August 2022, the Company received refund amounted to IDR 11,669 million ((equivalent to USD 793,507).

On March 2018 CIT, in January 2023 the company was deemed by the tax officer an underpayment of USD 251,316.07. The Company disagreed with the assessment and in March 2023, has filed an objection letter. The hearing in ongoing.

On March 2019 CIT, in August 2020 the Company was deemed by the tax office an overpayment of USD 179,223 instead of overpayment of USD 718,790. The Company compensated USD 158,812 to tax payable and write off the remaining USD 20,511 as expense. In December 2020, the Company filed an objection for the remaining unclaimed overpayment amounted to USD 539,467. In December 2021, the Company received refund amounted to USD 156,106 and filed an appeal letter for the remaining unclaimed overpayment amounted to USD 383,361. The hearing is ongoing.

## 7. ACCOUNT PAYABLES

| In US Dollar | 31 March 2023 | 2022 |
|---|---|---|
| Payables arising from purchase of hardware, software and project related services are to: | | |
| Non-related parties | **1,809,989** | 2,986,641 |
| Related parties | **1,450,120** | 1,492,116 |
| Sub-contracting and other expenses | **198,743** | 3,860,458 |
| | **3,458,852** | 8,339,215 |

## 8. SHARE CAPITAL

The Company's authorized, issued and paid-up share capital amounted to USD 500,000 (500,000 shares at nominal value of USD 1 per share). Based on Notarial Deed of Jessy Darmawan, S.H., M.Kn., No. 02 dated 7 September 2021, the Company's shareholding as of 31 March 2023 was as follows:

| Shareholders | Number of shares | % | Nominal value |
|---|---|---|---|
| Tech Mahindra Limited, India | 499,000 | 99.80 | 499,000 |
| Mr. Raji Reddy Suluguri | 1,000 | 0.20 | 1,000 |
| | **500,000** | **100.00** | **500,000** |

The Company's shareholding as of 31 March 2022 was as follows:

| Shareholders | Number of shares | % | Nominal value |
|---|---|---|---|
| Tech Mahindra Limited, India | 499,000 | 99.80 | 499,000 |
| Mr. Raji Reddy Suluguri | 1,000 | 0.20 | 1,000 |
| | **500,000** | **100.00** | **500,000** |

## 9. REVENUE

| In US Dollar | Year ended 31 March 2023 | 2022 |
|---|---|---|
| Fixed-price development | **5,249,877** | 174,169 |
| Time and material | **5,104,452** | 10,513,680 |
| Fixed-price maintenance | **27,601,794** | 24,475,409 |
| | **37,956,123** | 35,163,258 |

| In US Dollar | Year ended 31 March 2023 | 2022 |
|---|---|---|
| Major products/service | | |
| Rendering of services transferred over time | **34,268,297** | 27,571,594 |
| Sale of hardware/software transferred at a point in time | **3,687,826** | 7,591,664 |
| | **37,956,123** | 35,163,258 |

`The contract assets primarily relate to the Company's right for consideration for work completed but not billed at the reporting date for its service. The following table provide information about contract assets from contracts with customers:

| | Year ended 31 March | |
|---|---|---|
| In US Dollar | **2023** | 2022 |
| Beginning balance | **7,930,303** | 6,802,758 |
| Recognized as revenue | **5,083,881** | 7,930,303 |
| Transferred to receivables | **(7,930,303)** | (6,802,758) |
| Ending balance | **5,083,881** | 7,930,303) |

The contract liabilities primarily relate to the advance consideration received from customers for periodic maintenance service package, for which revenue is recognized over time. This will be recognized as revenue upon performance of the services. The movement in contract liabilities are as follows:

| | Year ended 31 March | |
|---|---|---|
| In US Dollar | **2023** | 2022 |
| Beginning balance | **145,466** | 529,863 |
| Addition during the year | **473,517** | 145,466 |
| Recognized as revenue during the year | **(145,466)** | (529,863) |
| Ending balance | **473,517** | 145,466 |

## 10. COST OF REVENUE

This account represents the costs incurred in developing the billing and customer care system, which consist of hardware, software and services.

## 11. OPERATING EXPENSES

| | Year ended 31 March | |
|---|---|---|
| In US Dollar | **2023** | 2022 |
| Employees' salaries and compensations | **9,214,917** | 7,285,178 |
| Professional fees | **535,348** | 673,688 |
| Telecommunication | **939,767** | 641,657 |
| Recruitment | **112,057** | 172,417 |
| Travel | **209,931** | 116,213 |
| Depreciation | **63,914** | 96,937 |
| General office expenses | **101,216** | 54,748 |
| Bank charges | **22,947** | 37,507 |
| Entertainment expense | **96,404** | 35,542 |
| Insurance | **5,792** | 1,807 |
| Conveyance | **1,772** | 1,460 |
| Printing and stationery | **1,438** | (158) |
| Tax penalties | **1,328,178** | (36,648) |
| Rent | **16,604** | - |
| Repairs & Maintenance | **5,342** | - |
| Other | **15,396** | 457,533 |
| | **12,671,023** | 9,537,881 |

## 12. INCOME TAX

| In US Dollar | Year ended 31 March 2023 | 2022 |
|---|---|---|
| Current tax expense: | | |
| Current year | **2,427,910** | 2,281,225 |
| Adjustments to prior years' tax expense | **-** | 139,104 |
| Deferred tax ( benefit) / Exp | **-** | (201,198) |
| | **2,427,910** | 2,219,131 |

| In US Dollar | Year ended 31 March 2023 | 2022 |
|---|---|---|
| Profit before tax | **8,675,377** | 9,372,979 |
| Statutory tax rate | **22%** | 22% |
| | **1,908,583** | 2,062,055 |
| Non-deductible expenses | **519,327** | 177,325 |
| Effect changes tax rate | **-** | (159,353) |
| Adjustments to prior years' tax expense | **-** | 139,104 |
| Income tax expense | **2,427,910** | 2,219,131 |

Recognized deferred tax balances, and the movement thereof during the year comprised of the following:

| In US Dollar | 31 March 2021 | Recognized in profit or loss | Recognized in other comprehensive income | 31 March 2022 | Recognized in profit or loss | Recognized in other comprehensive income | 31 March 2023 |
|---|---|---|---|---|---|---|---|
| Employment benefits obligation | 131,391 | (28,012) | (18,640) | 84,739 | 3,981 | - | 88,720 |
| Fixed assets | (1,383) | 18,239 | - | 16,856 | (8,086) | - | (8,770) |
| Provision for impairment loss on financial assets | 1,463,517 | 210,971 | - | 1,674,488 | (4,645) | - | 1,669,843 |
| | **1,593,525** | **201,198** | **(18,640)** | **1,776,083** | **(8,750)** | **-** | **1,767,333** |

Under the taxation laws of Indonesia, the Company submits tax returns on the basis of self-assessment. The tax authorities may assess or amend taxes within the statute of limitations, under prevailing regulations.

The Company's tax positions may be challenged by the tax authorities. The Company's tax positions are formed on sound technical basis, in compliance with the tax regulations. Accordingly, management has assessed that the outstanding refundable taxes can be recovered, and the accruals for potential income tax liabilities is not necessary. This assessment relies on estimates and assumptions and may involve judgment about future events. New information may become available that causes management to change its judgment. Such changes will impact tax expense in the period in which such determination is made.

Pursuant to Law No. 2/2020 the corporate income tax rate is reduced from the previous statutory rate of 25% to 22% for fiscal year 2020 and 2021, and to 20% for 2022 onwards. In October 2021, Law No. 7/2021 amended the provision of Law No. 2/2020, in that the statutory tax rate of 22% applies for fiscal year 2022 and onwards.

## 13. LEASE RECEIVABLES

The Company has given hardware and software on finance lease. The transaction pertains to purchase of assets from its customer, Prudential, and lease back with lease amount fair valued at IDR 100,123 million (equivalent to USD 6,895,564). The lease period is 7 years from February 2020 to January 2027 and is discounted using an interest rate of 6%. As per the arrangement, on termination event or on closure of contract, Prudential will buy the acquired assets at the unamortized value at the time of such event. There is no collateral pledged in this transaction. The lease receivables as at reporting dates are as follows:

| | 31 March | |
|---|---|---|
| In US Dollar | **2023** | 2022 |
| Minimum lease receivables | | |
| - Less than one year | **780,377** | 996,517 |
| - One to five years | **2,398,056** | 3,150,596 |
| Present value of minimum lease receivables | | |
| - Less than one year | **3,178,433** | 4,147,113 |
| - One to five years | **624,182** | 845,954 |
| | **1,768,546** | 2,811,868 |
| | **2,392,728** | 3,657,822 |

## 14. RELATED PARTY INFORMATION

Nature of Relationship

a. Tech Mahindra Limited, India, is the majority stockholder and the ultimate controlling party of the Company.

b. Comviva Technologies Limited, India, is an entity under common control of the ultimate controlling party.

c. Tech Mahindra ICT Services (Malaysia) SDN. BHD., is an entity under common control of the ultimate controlling party.

d. Key management personnel

- Mr. Pranab Choudhary is Director and the Country Head of the Company
- Mr. Manish Goenka is Director and Regional Head of the Company
- Mr. Puneet Kumar Chadha is Director and the Head of Operations of the Company

**Transactions with Related Parties**

The Company has related party transactions with its controlling entity and other entities which are controlled directly or indirectly by the Tech Mahindra Group or over which they exercise significant influence.

**a. Account receivables and advances:**

| | 31 March | |
|---|---|---|
| In US Dollar | **2023** | 2022 |
| Comviva Technologies Limited, India | **-** | 199,945 |
| Tech Mahindra Limited, India | **-** | 19,476 |
| | **-** | 219,421 |

**b. The purchase and related payables arising from services obtained by the Company from related parties are as follows:**

| In US Dollar | 31 March 2023 | 2022 |
|---|---|---|
| Purchase of hardware, software and procurement of services | **1,898,304** | 1,517,129 |
| Reimbursement of expenses | **216,675** | 2,654,691 |
| | **2,114,987** | 4,171,820 |

| In US Dollar | 31 March 2023 | 2022 |
|---|---|---|
| Account payables | | |
| Tech Mahindra Limited, India | **781,737** | 1,131,500 |
| Tech Mahindra ICT Services (Malaysia) SDN. BHD. | **634,159** | - |
| Comviva Technologies Limited, India | **-** | - |
| | **1,415,896** | 1,131,500 |

| In US Dollar | 31 March 2023 | 2022 |
|---|---|---|
| Accrued expenses | | |
| Tech Mahindra ICT Services (Malaysia) SDN. BHD. | **-** | - |
| Comviva Technologies Limited, India | **131,569** | 360,616 |
| | **131,569** | 360,616 |

c. Total remuneration incurred by the Company for its key management personnel during the years ended 31 March 2023 and 2022 are USD 466,290 and USD 356,082, respectively.

## 15. SIGNIFICANT AGREEMENT

In 2014, the Company entered into an agreement with PT Hutchison CP Telecommunication (HCPT). The Company, as the Contractor, agreed to provide Billing and Customer Care System (System) Management Services to HCPT. Under the agreement, the Contractor shall supply a complete turnkey delivery of the System, which includes, but not limited to, HCPT Customer Care, order management, provisioning, mediation, product management/catalogue, resource management, billing and invoicing, payment and collection, interconnect accounting, dealer and partner management, fraud management, reporting, revenue sharing and settlement, rating engine, tariff management, account and balance management and voucher management system. The System shall include hardware, software and services. This agreement shall take effect from the effective date on 1 July 2014 and shall expire on the third (3rd) anniversary of the Effective Date (the Initial Term), if not automatically renewed. HCPT may terminate this agreement (in whole or part) at the end of the Initial Term without any cause by giving the Contractor written notice (the Initial Termination Notice) of at least six (6) months prior to the end of the Initial Term. This agreement has been extended until 30 June 2023.

## 16. FINANCE INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

### Financial instruments

Except for lease receivables, the Company's financial assets and liabilities are expected to be realized or settled in the near term. Therefore, their carrying amounts approximate their fair values. For the fair values of lease receivables, please refer to note 13, present value of minimum receivables.

### Financial risk management

The main risk arising from the Company's financial instruments are market risk, credit risk and liquidity risk.

**i. Market risk management**

The Company's market risk is limited to the financial risk of changes in foreign currency rates. Mainly transaction in foreign currency rate was settled in short-term, except for non-trade transaction with related parties. Based on these, management considers that the Company's exposure to market risk is minimal.

**ii. Credit risk**

Credit risk is the risk of financial loss in the event that a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk principally arises from trade receivables from customers.

The carrying amounts of financial assets represent the maximum credit exposure.

Trade receivables and contract assets

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Company minimizes its exposure to credit risk of trade receivables and contract assets by assessing and monitoring the credit worthiness of customers. The exposure is also further limited by mandating payment terms of no longer than 60 days.

The Company's most significant customer an Indonesian telecommunications service provider, accounts for USD 2.01 million of the trade receivables and contract assets carrying amount at 31 March 2023 (31 March 2022: USD 2.50 million).

An analysis of the credit quality of trade receivables and contract assets is summarized below:

| | **31 March** | |
|---|---|---|
| In US Dollar | **2023** | 2022 |
| Not past due | **10,063,850** | 9,474,933 |
| Less than 90 days past due | **819,110** | 829,990 |
| 91 days to 1 year past due | **29,134** | 58,798 |
| 1 year and above past due | **-** | 375 |
| | **10,912,094** | 10,364,096 |

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as reporting dates:

| In US Dollar | | **31 March 2023** | |
|---|---|---|---|
| | **Weighted average loss rate** | **Gross carrying amount** | **Loss allowance** |
| Not past due | 1% | 10,063,850 | (100,638) |
| Less than 90 days past due | 15% | 819,110 | (121,884) |
| 91 days to 1 year past due | 41% | 180,803 | (74,129) |
| 1 year and above past due | 98% | 7,401,179 | (7,256,196) |
| | | **18,464,941** | **(7,552,847)** |

| In US Dollar | 31 March 2022 | | |
|---|---|---|---|
| | **Weighted average loss rate** | **Gross carrying amount** | **Loss allowance** |
| Not past due | 1% | 9,474,933 | (94,749) |
| Less than 90 days past due | 4% | 829,990 | (33,200) |
| 91 days to 1 year past due | 39% | 58,798 | (23,166) |
| 1 year and above past due | 98% | 7,574,338 | (7,422,848) |
| | | **17,938,059** | **(7,573,963)** |

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

| | **31 March** | |
|---|---|---|
| In US Dollar | **2023** | 2022 |
| Balance at 1 April | **7,573,963** | 7,493,368 |
| Amounts written off | **-** | (231,273) |
| Net remeasurement of loss allowance | **21,116** | 311,868 |
| Balance at 31 March | **7,552,847** | 7,573,963 |

**Cash in banks**

The Company's cash in banks are deposited at reputable banks that are subject to tight regulations, therefore, the exposure to loss is minimized.

**iii. Liquidity risk management**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by maintaining adequate reserves, monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

The following are the contractual maturities of financial liabilities:

| | **31 March** | |
|---|---|---|
| In US Dollar | **2023** | 2022 |
| 31 March 2023 | | |
| Account payables | **3,458,852** | 3,458,852 |
| 31 March 2022 | | |
| Account payables | **8,339,215** | 8,339,215 |

**Capital risk management**

The Company manages capital risk to ensure that it will be able to continue as going concern, in addition to maximizing the profits of the shareholders through the optimization of the balance of debt and equity.

Management periodically reviews the Company's capital structure. As part of this review, management considers the cost of capital and related risk.

# TECH MAHINDRA (NIGERIA) LIMITED

**BOARD OF DIRECTORS:**
Chief (Mrs.) Faidat Oreagba
Mr. Ayan Chatterjee

**OFFICE ADDRESS:**
3rd Floor Coscharis Plaza
68A Adeola Odeku Street
Victoria Island,
Lagos.

**COMPANY SECRETARY:**
Probitas Partners
70 Queens Street
Off Herbert Macaulay Way
Yaba Lagos, Nigeria.

**INDEPENDENT AUDITORS:**
Grant Thornton Nigeria
(Chartered Accountants)
2A Ogalade Close
Off Ologun Agbaje Street
Off Adeola Odeku Street
Victoria Island
Lagos.

**BANKER:**
Citibank Nigeria Limited

# DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 MARCH 2023**

The directors submit their report together with the audited financial statements for the year ended 31 March 2023, which disclose the state of affairs of the company.

**Legal Form**

The company was incorporated in Nigeria under the Companies and Allied Matters Act 2004 as a Private Limited Liability Company on August 18, 2009. It commenced full operation in January 2011.

**Principal Activity**

The principal activity of the company is to provide global solution on information technology to various sector of the economy. It is engaged in directing, operating, managing, investing in or providing telecommunication, networking, communication, internet information and other information technology related services.

**Directors**

The directors who held office during the year and to the date of this report were:

| | |
|---|---|
| Chief (Mrs.) Faidat Oreagba | Director |
| Mr. Ayan Chatterjee | Director |

**Directors Shareholding**

The direct and indirect interests of directors in the issued share capital of the company as recorded in the register of directors shareholding and /or as notified by the directors for the purposes of sections 301 of the Companies and Allied Matters Act 2020 are:

| | | No. of shares | % Holding |
|---|---|---|---|
| Chief (Mrs.) Faidat Oreagba | Director | Nil | Nil |
| Mr. Ayan Chatterjee | Director | Nil | Nil |
| **Shareholders** | | **No. of shares** | **% Holding** |
| Tech Mahindra Limited India | | 153,040,025 | 99.99% |
| Milind Kulkarni | | 1 | 0.01% |
| | | **153,040,026** | **153,040,026** |

**Directors' interest in contracts**

For the purpose of section 303 of the Companies and Allied Matters Act 2020, none of the directors has notified the company of any direct or indirect interest in contracts or proposed contracts with the company during the year.

**Parent & subsidiary Information**

Parent company of the entity is Tech Mahindra Limited, India

**Donations and Charitable Gifts**

There were no donations made during the year.

**Human Resources**

**Employment of disabled persons**

The company continues to maintain a policy of giving fair consideration to the application for employment made by disabled persons with due regard to their abilities and aptitudes. The company's policy prohibits discrimination of disabled person in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, efforts will be made to ensure that their employment with the company continues and appropriate training arranged to ensure that they fit into the company's working environment.

**Health, Safety and welfare at work**

The company enforces strict health and safety rules and practices at work environment, which are reviewed and tested regularly. The company retains top-class private hospitals where medical facilities are provided for staff at the company's expense.

Fire prevention and fire-fighting equipment are installed in strategic locations within the company's premises.

The company operates both Group Personal Accident and contributing to the Nigeria Social Insurance Trust Fund in compliance with the requirements of Employees Compensation Act (ECA), 2010. It also operates a contributory pension plan in line with the Pension Reform Act, 2005.

**Employee involvement and training**

The company ensures, through various form, that employees are informed on matters concerning them. Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism.

In accordance with the company's policy of continuous development, training facilities are provided in the company's training school. In addition, employees of the company are nominated to attend both locally and internationally organized courses. These are complemented by on-the job training.

**Independent Auditors**

In accordance with Section 401(2) of the Companies and Allied Matters Act 2020, Messrs. Grant Thornton (Chartered Accountants) is appointed as Auditors to the Company having indicated their willingness to do so.

**LAGOS, NIGERIA.**

**BY ORDER OF THE BOARD**
Probitas Partners
70 Queens Street
Off Herbert Macaulay Way
Yaba
Lagos, Nigeria.

The Companies and Allied Matters Act 2020 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of each financial year and its profit or loss. The responsibilities include ensuring that the company:

- Keeps proper accounting records that disclose with accuracy, the financial position of the company and comply with the requirement of the Companies and Allied Matters Act;

- Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

- Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.

The Directors accept responsibility for the interim financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with the International Financial Reporting Standards (IFRS) and the Companies and Allied Matters Act 2020.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

**Chief (Mrs.) Faidat Oreagba**
Director

**Mr. Ayan Chatterjee**
Director

In line with the provision of Section 405 of the Companies and Allied Matters Act 2020, we have reviewed the audited financial statements of the company for the year ended 31 March 2023 and based on our knowledge confirm as follows:

- The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading;

- The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for the year ended 31 March 2023;

- The company's internal controls have been designed to ensure that all material information relating to the company is received and provided to the auditors in the course of the audit;

- The company's internal controls are effective and have remained so within the period of 90 days prior to the date of the audited financial statements;

- That we have disclosed to the company's auditors the following information:

a) there are no significant deficiencies in the design or operation of the company's internal controls which could adversely affect the company's ability to record, process, summarise and report financial data, and have discussed with company's auditors any weaknesses in internal controls observed in the course of the audit,

b) there is no fraud involving management or other employees who have a significant role in the company's internal control.

- There are no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.

Date this 29 day of June 2023

| | |
|---|---|
| **Chief (Mrs.) Faidat Oreagba** | **Ayan Chatterjee** |
| Director | Director |

# INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Tech Mahindra Nigeria Limited**

**Report on the Audit of the Financial Statements Opinion**

We have audited the financial statements of Tech Mahindra Nigeria Limited (the Company), which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Financial Reporting Council of Nigeria Act No. 6, 2011 and the provision of the Companies and Allied Matters Act, 2020.

**Basis for Opinion** We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 8 influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv) Conclude on the appropriateness of management's use of the going concern of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transaction 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.

**Report on Other Legal and Regulatory Requirements**

The Companies and Allied Matters Act, 2020 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) In our opinion, proper books of account have been kept by the company; and

iii) The Company's Statement of Financial Position and Statement of Profit or Loss are in agreement with the books of account.

**Uchenna Okigbo,**

**FCA FRC/2016/ICAN/00000015653**

**For: GRANT THORNTON**

**(Chartered Accountants)**

**LAGOS, NIGERIA**

Date : June 29, 2023

# STATEMENT OF FINANCIAL POSITION

**AS AT 31 MARCH 2023**

| | Notes | **2023** ₦ | 2022 ₦ |
|---|---|---|---|
| **Assets** | | | |
| **Non-current Assets** | | | |
| Property, plant & equipment | 15 | **5,464,388** | 5,464,388 |
| Deferred tax assets | 14.3 | **459,578,281** | 498,786,450 |
| **Total Non-current Assets** | | **465,042,669** | 504,250,838 |
| **Current Assets** | | | |
| Prepayments | 16 | **101,297,555** | 66,019,539 |
| Trade and other receivables | 17 | **13,869,775,182** | 2,491,643,662 |
| Cash and cash equivalents | 18 | **6,206,496,354** | 3,130,094,985 |
| **Total Current Assets** | | **20,177,569,091** | 5,687,758,186 |
| **Total Assets** | | **20,642,611,760** | 6,192,009,024 |
| **Equity and Liabilities** | | | |
| **Equity Attributable to Owners** | | | |
| Share capital | 19 | **153,040,026** | 153,040,026 |
| Deposit for shares | | **6,703,980,335** | 6,703,980,335 |
| Retained loss | | **(650,093,746)** | (3,846,211,331) |
| | | **6,206,926,615** | 3,010,809,030 |
| **Liabilities** | | | |
| **Non-current Liabilities** | | | |
| Borrowings | 20 | **-** | - |
| **Total Non-current Liabilities** | | **-** | - |
| Current Liabilities | | | |
| Trade and other payables | 21 | **13,634,926,918** | 3,181,199,994 |
| **Current tax liabilities** | 14.2 | **800,758,227** | - |
| Total Current Liabilities | | **14,435,685,145** | 3,181,199,994 |
| **Total Liabilities** | | **14,435,685,145** | 3,181,199,994 |
| **Total Equity and Liabilities** | | **20,642,611,760** | 6,192,009,024 |

These accounts were approved by the Board of Directors on 29 June 2023 and signed on its behalf by:

**Chief (Mrs.) Faidat Oreagba**
Director

**Ayan Chatterjee**
Director

See Notes to the Financial Statements in the ensuing pages which form an integral part of these financial statements.

# STATEMENT OF PROFIT OR LOSS

**FOR THE YEAR ENDED 31 MARCH 2023**

| | Notes | 2023 ₦ | 2022 ₦ |
|---|---|---|---|
| Revenue | 7 | **20,549,284,034** | 3,867,953,802 |
| Cost of services | 8 | **(14,280,269,942)** | (1,996,996,611) |
| **Gross profit** | | **6,269,014,092** | 1,870,957,191 |
| Other income | 9 | **-** | - |
| **Expenses** | | | |
| Administrative expenses | 10 | **(2,112,441,337)** | (1,057,885,332) |
| **Operating Profit/(Loss)** | | **4,156,572,755** | 813,071,859 |
| Finance income | 11 | **-** | 1,133,753 |
| Finance cost | 12 | **(108,220)** | - |
| **Profit/(Loss) Before Tax** | | **4,156,464,535** | 814,205,612 |
| Tax expense | 14 | **(960,346,950)** | (72,790,493) |
| **Profit/(Loss) For The Year** | | **3,196,117,585** | 741,415,119 |
| **Per Share Data:** | | | |
| Basic loss per share | | **20.88** | 4.84 |

See Notes to the Financial Statements in the ensuing pages which form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

**AS AT 31 MARCH 2023**

| | Share Capital | Retained Loss | Deposit for Shares | Total |
|---|---|---|---|---|
| | ₦ | ₦ | ₦ | ₦ |
| **Year Ended 31 March 2022** | | | | |
| Balance as at 1 April 2021 | 153,040,026 | (4,587,626,450) | - | (4,434,586,424) |
| Share application money | | | 6,703,980,335 | |
| Profit for the year | - | 741,415,119 | - | 741,415,119 |
| **Balance as at 31 March 2022** | **153,040,026** | **(3,846,211,331)** | **6,703,980,335** | **3,010,809,030** |
| **Year Ended 31 March 2023** | | | | |
| Balance as at 1 April 2022 | 153,040,026 | (3,846,211,331) | 6,703,980,335 | 3,010,809,030 |
| Profit for the year | - | 3,196,117,585 | - | 3,196,117,585 |
| **Balance as at 31 March 2023** | **153,040,026** | **(650,093,746)** | **6,703,980,335** | **6,206,926,615** |

See Notes to the Financial Statements in the ensuing pages which form an integral part of these financial statements.

# STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED 31 MARCH 2023**

| | 2023 | 2022 |
|---|---|---|
| | ₦ | ₦ |
| **Cash flows from Operating Activities** | | |
| Profit before tax | **4,156,464,535** | 814,205,612 |
| **Adjustments:** | | |
| Allowance for ECL | **8,458,923** | 763,645 |
| Exchange loss | **62,680,255** | 738,344,894 |
| **Operating Loss Before Working Capital Changes** | **4,227,603,713** | 1,553,314,151 |
| **Changes in Working Capital:** | | |
| Changes in prepayments | **(35,278,016)** | 217,347,796 |
| Changes in trade and other receivables | **(11,378,131,520)** | (189,587,916) |
| Changes in trade and other payables | **10,324,995,667** | 793,178,582 |
| | **3,139,189,844** | 2,374,252,613 |
| Tax paid | **-** | (5,249,315) |
| Net Cash Flow from Operating Activities | **3,139,189,844** | 2,369,003,298 |
| Cash flow from Investing Activities: | | |
| Acquisition of PPE | **-** | (4,951,800) |
| **Net Cash flow from Investing Activities** | **-** | (4,951,800) |
| **Cash Flow from Financing Activities:** | | |
| Interest received | **-** | 1,133,753 |
| Interest paid | **(108,220)** | - |
| **Net Cash Flow from Financing Activities** | **(108,220)** | 1,133,753 |
| Net Cash Flow for the year | **3,139,081,624** | 2,365,185,251 |
| **Cash and Cash Equivalents as at 1 April** | **3,130,094,985** | 1,503,254,628 |
| Exchange difference | **(62,680,255)** | (738,344,894) |
| **Cash and Cash Equivalents as at 31 March** | **6,206,496,354** | 3,130,094,985 |
| **Cash and Cash Equivalent Consist of :** | | |
| Cash at Bank | **6,206,496,354** | 3,130,094,985 |

See Notes to the Financial Statements in the ensuing pages which form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2023**

**1 Nature of Operations**

The principal activity of the company is to provide global solution on information technology to various sector of the economy. It is engaged in directing, operating, managing, investing in or provide telecommunication, networking, communication, internet information and other information technology related services.

**2 General Information, statement of compliance with IFRS and going concern assumption**

The company was incorporated in Nigeria under the Companies and Allied Matters Act 2020 as a Private Limited Liability Company on 18 August 2009. It commenced full operation in January 2011. Its initial authorized share capital was 153,790,000 ordinary shares of N1.00. The company is wholly owned by Tech Mahindra India .

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). They have been prepared under the assumption that the company operates on a going concern basis. The company's audited balances for the year under review are comparable with the prior year balances in all aspects.

The financial statements for the year ended 31 March 2023 (including comparatives) were approved and authorised for issue by the board of directors of Tech Mahindra Nigeria Limited on 29 September 2023.

**3 New or revised standards or interpretations**

**3.1 New standards adopted as at 1st April 2022**

**IFRS 16 - Lease**

COVID 19 related rent concessions (Amendment to IFRS 16 - Effective 1 April 2022)

Some accounting pronouncements which have become effective from 1 January 2022 and have therefore been adopted do not have a significant impact on the financial results or position. These amendments do not have a significant impact on these Financial Statements and therefore the disclosures have not been made

**3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the company.**

**IFRS 3 - Business Combination**

Reference to the conceptual framework (Amendment to IFRS 3) - Effective 1 January 2023

Adds a new exception to the recognition principle in order to make sure that the accounting remains unchanged. It outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date.

**IAS 16 - Property, Plant & Equipment**

- Proceeds before Intended Use (Amendments to IAS 16) - Effective 1 January 2023

  Prohibits an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss.

**IAS 37 - Provisions, Contingent Liabilities & Contingent Assets**

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) - Effective 1 January 2023

  Specifies which costs an entity includes when assessing whether a contract will be loss-making. It outlines the accounting for provisions (liabilities of uncertain timing or amount), together with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable).

**IAS 1 - Preparation of Financial Statements**

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) - Effective 1 January 2023

IAS 1 requires an entity that has an unconditional right to delay settlement of a liability for at least 12 months from the end of the reporting period, then it can be classified as non-current, if not it is classified as current. Some preparers have found this statement confusing and consequently similar liabilities have been classified differently, making comparisons by investors difficult.

The amendments clarify the guidance in IAS 1 by:

- clarifying that the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period

- stating that management's expectations around whether they will defer settlement or not does not impact the classification of the liability

- adding guidance about lending conditions and how these can impact classification

- including requirements for liabilities that can be settled using an entity's own instruments.

**IAS 12 - Income Taxes**

- Deferred Tax related to Assets and Liabilities from a Single Transaction - Effective 1 January 2023

In specific circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. There had been some diversity in practice as to whether the exemption applied to transactions such as leases and decommissioning obligations. These are transactions where entities recognise both an asset and a liability.

The amendments require an entity to recognise deferred tax on certain transactions (eg leases and decommissioning liabilities) that give rise to equal amounts of taxable and deductible temporary differences on initial recognition.

The amendments clarify that the initial recognition exemption set out in IAS 12 'Income Taxes' does not apply and entities are required to recognise deferred tax on these transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

These amendments are not expected to have a significant impact on the financial statements In the period of initial application and therefore no disclosures have been made.

\At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have not been adopted early by the company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

**4 Significant Accounting Policies**

**4.1 Basis of preparation**

The company's financial statements have been prepared on an accrual basis and under the historical cost convention. Monetary amounts are expressed in Nigerian currency (₦).

**4.2 Foreign currency translation**

Functional and presentation currency

The financial statements are presented in Nigerian naira (₦), which is also the functional currency of all the companies within the company.

**Foreign currency transactions and balances**

Foreign currency transactions are translated into the functional currency of the respective entities, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

**Foreign operations**

In the company's financial statements, all assets, liabilities and transactions with functional currencies other than the Naira are translated into Naira upon consolidation. The functional currencies of entities within the company have remained unchanged during the reporting period.

### 4.3 Revenue

Revenue arises mainly from on-site/offshore services and hardware/software system services.

To determine whether to recognise revenue, the company follows a 5-step process:

1. - Identifying the contract with a customer

2. - Identifying the performance obligations

3. - Determining the transaction price

4. - Allocating the transaction price to the performance obligations

5. - Recognising revenue when/as performance obligation(s) are satisfied.

The company often enters into transactions involving a range of the company's services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the company satisfies performance obligations by transferring the promised goods or services to its customers. The company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the company satisfies a performance obligation before it receives the consideration, the company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

### 4.3.1 Onsite and offshore revenue

The entity's revenue is derived from the provision of onsite and offshore services to customers, majorly corporate bodies. Irrespective of the type of services, onsite or offshore services rendered are all categorised as revenue. Revenue is recognized upon completion of project. In some cases, if work is monthly for a fixed period, revenue is recognised monthly as it is due. Once the percentage of completion is received, the project revenue is updated monthly for a fixed period.

### 4.4 Operating expenses

Operating expenses are recognised in profit or loss upon utilization of the service or as incurred. Expenditure for warranties is recognised when the company incurs an obligation, which is typically when the related services are rendered.

### 4.5 Earnings Per Share, Interests and dividends

Basic earnings per share have been calculated using the profit attributable to shareholders of the parent company as the numerator, i.e. no adjustments to profit were necessary in 2022 or 2019. Interest income and expenses are reported on an accrual basis using the effective interest method. Dividends, other than those from investments in associates, are recognised at the time the right to receive payment is established.

### 4.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

### 4.7 Property, plant and equipment

**Land**

Land held for use in production or administration is stated at revalued amount. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

**Buildings, IT equipment and other equipment**

Buildings, IT equipment and other equipment (comprising fittings & furniture, plants & machinery, vehicle & laboratory equipment and fire fighting equipment ) are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the company's management. Buildings, IT equipment and other equipment are subsequently measured at revalued amount and cost less accumulated depreciation and impairment losses.

**Depreciation**

Depreciation is recognised on a straight-line basis to write down the revalued amount and cost less accumulated depreciation of buildings, computer and other equipment. The following useful lives are applied:

| | |
|---|---|
| Motor Vehicles | 3 - 5 years |
| Computer Equipment | 3 years |
| Furniture and Fittings | 5 - 10 years |
| Plant and Machinery | 5 - 10 years |

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

**Impairment testing of property, plant and equipment**

For impairment assessment purposes, assets are companyed at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

### 4.8 Financial instruments

#### 4.8.1 Recognition, and derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

### 4.8.2Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented, the corporation does not have any financial assets categorised as FVOCI.

The classification is determined by both:

* the entity's business model for managing the financial asset
* the contractual cash flow characteristics of the financial asset.

All revenue and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

### 4.8.3 Subsequent measurement of financial assets

**Financial assets at amortised cost**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

  After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

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

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

The category also contains an equity investment. The company accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in unquoted securities and listed equity securities at fair value through other comprehensive income (FVOCI). The equity investment in unquoted securities was measured at cost less any impairment charges in the comparative period under IAS 39, as it was determined that its fair value could not be estimated reliably. In the current financial year, the fair value was determined in line with the requirements of IFRS 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

**Financial assets at fair value through other comprehensive income (FVOCI)**

The company accounts for financial assets at FVOCI, if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and

- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

**4.8.4 Impairment of financial assets**

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

' Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

' 12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

**Trade and other receivables and contract assets**

The company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been companyed based on the days past due.

**4.8.5Classification and measurement of financial liabilities**

The company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

**4.9 Income taxes**

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the balance sheet liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although IAS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions the company does not recognize deferred tax on temporary differences relating to goodwill, or to its investments in subsidiaries.

**4.10 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**4.11 Non-current assets and liabilities classified as held for sale and discontinued operations**

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the company's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale of a discontinued operation or its remeasurement to fair value less costs to sell is presented as part of a single line item, profit or loss from discontinued operations

**4.12 Equity and reserves**

Share capital represents the nominal (par) value of shares that have been issued.

Retained earnings include all current and prior period retained profits and share-based employee remuneration.

All transactions with owners of the parent are recorded separately within equity.

**4.13 Post-employment benefits and short-term employee benefits**

Post-employment benefit plans

The company provides post-employment benefits through various defined contribution and defined benefit plans.

**Defined contribution plans**

The company pays fixed contributions into independent entities in relation to several state plans and insurances for individual employees. The company has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

**Defined benefit plans**

Under the company's defined benefit plans, the amount of pension benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the company, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets.

Management estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Service cost on the company's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in finance costs. Gains and losses resulting from remeasurements of the net defined benefit liability are included in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

**Short-term employee benefits**

Short-term employee benefits, including holiday entitlement, are current liabilities included in pension and other employee obligations, measured at the undiscounted amount that the company expects to pay as a result of the unused entitlement.

### 4.14 Provisions, contingent assets and contingent liabilities

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the company and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring exists and management has either communicated the plan's main features to those affected or started implementation. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the company is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

## 5 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

### 5.1 Significant management judgements

The following are the judgements made by management in applying the accounting policies of the company that have the most significant effect on the financial statements.

#### 5.1.1 Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised.

#### 5.1.2 Estimation uncertainty

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

**Impairment of non-financial assets**

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. In 2019, the company would recognise an impairment loss on goodwill if there are indications.

**Useful lives of depreciable assets**

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and computer equipment.

**Inventories**

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by market-driven changes that may reduce future selling prices.

**Defined benefit obligation (DBO)**

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

**Fair value measurement**

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

## 6 Financial Risk Management

### 6.1 Introduction

The company uses its financial skills to provide competitive product pricing and delivery to a broad range of customers.

Risk Management is essential to help ensure business sustainability thereby providing customers and the shareholders with a long-term value proposition.

Key elements of risk management are:

- Strong corporate governance including relevant and reliable management information and internal control processes;

- Ensuring significant and relevant skills and services are available consistently to the company;

- Influencing the business and environment by being active participants in the relevant regulatory and business forums; and

- Keeping abreast of technology and consumer trends and investing capital and resources where required.

The overall company focus within an appropriate risk framework is to give value to the customers through effective and efficient execution of transactions.

The board of directors acknowledges its responsibility for establishing, monitoring and communicating appropriate risk and control policies.

The company has exposure to significant risks which are categorised as follows:

(i) Regulatory (capital adequacy, legal, accounting and taxation);

(ii) Business environment (reputation and strategic);

(iii) Operational (people, information technology and internal control processes);

(iv) Market (equity prices, interest rate and currency); and

(v) Liquidity

**6.2 Detailed discussion of significant risks**

**6.2.1Regulatory risk**

Regulatory risk is the risk arising from a change in regulations in any legal, taxation and accounting pronouncements or specific industry that pertain to the business of the company. In order to manage this risk, the company is an active participant in the petroleum industry and engages in discussions with policy makers and regulators.

**6.2.2 Legal risk**

Legal risk is the risk that the company will be exposed to contractual obligations which have not been provided for.

The company has a policy of ensuring all contractual obligations are documented and appropriately evidenced to agreements with the relevant parties to the contract.

All significant contracted claims are reviewed by independent legal resources and amounts are provided for if there is consensus as to any possible exposure. At 31 March 2023, the directors are not aware of any significant obligation not provided for.

**6.2.3 Taxation risk**

Taxation risk is the risk of suffering a loss, financial or otherwise, as a result of an incorrect interpretation and application of taxation legislation or due to the impact of new taxation legislation on existing products.

Taxation risk occurs in the following key areas:

- Transactional risk;
- Operational risk;
- Compliance risk; and
- Financial accounting risk.

- Transactional risk

The risk which concerns specific transactions entered into by the company, including restructuring projects and reorganisations.

- Operational risk

The underlying risks of applying tax laws, regulations and decisions to the day-to-day business operations of the company.

- Compliance risk

The risk associated with meeting the company’s statutory obligations.

- Financial accounting risk

The risk relates to the inadequacy of proper internal controls over financial reporting, including tax provisioning.

In managing the company’s taxation risk, the company tax policy is as follows:

The company will fulfil its responsibilities under tax law in each of the jurisdictions in which it operates, whether in relation to compliance, planning or client service matters. Tax law includes all responsibilities which the company may have in relation to company taxes, personal taxes, capital gains taxes, indirect taxes and tax administration.

Compliance with this policy is aimed at ensuring that:

- All taxes due by the company are correctly identified, calculated, paid and accounted for in accordance with the relevant tax legislation;

- The company continually reviews its existing operations and planned operations in this context; and

- The company ensures that, where clients participate in company products, these clients are either aware of the probably tax consequences, or are advised to consult with independent professionals to assess these consequences, or both.

  The identification and management of tax risk is the primary objective of the company tax function, and this objective is achieved through the application of a formulated tax risk approach, which measures the fulfilment of tax responsibilities against the specific requirements of each category of tax to which the company is exposed, in the context of the various types of activities the company conducts.

**6.2.4 Accounting risk**

Accounting risk is the risk that the company fails to explain the current events of the business in the financial statements.

Accounting risk can arise from the failure of management to:

- Maintain proper books and records, accounting system and to have proper accounting policies;

- Establish proper internal accounting controls;

- Prepare periodic financial statements that reflect an accurate financial position; and

- Be transparent and fully disclose all important and relevant matters.

Measures to control accounting risk are the use of proper accounting systems, books and records based on proper accounting policies as well as the establishment of proper internal accounting controls. Proposed accounting changes are researched by accounting resources, and if required external resources, to identify and advise on any material impact on the company.

Financial statements are prepared in a transparent manner that fully discloses all important and relevant matters as well as accurately reflecting the financial position, results and cash flows of the company.

**6.3 Business environment**

**6.3.1 Reputational risk**

Reputational risk is the risk of loss caused by a decline in the reputation of the company or any of its specific business units from the perspective of its stakeholders, shareholders, customers, staff, business partners or the general public.

Reputational risk can both cause and result from losses in all risk categories such as market or credit risk.

**6.3.2 Strategic risk**

Strategic risk is the risk of an unexpected negative change in the company value, arising from the adverse effect of executive decisions on both business strategies and their implementation.

This risk is a function of the compatibility between strategic goals, the business strategies developed to achieve those goals and the resources deployed to achieve those goals. Strategic risk also includes the ability of management to effectively analyse and react to external factors, which could impact the future direction of the relevant business units.

**6.3.3 Company risk**

Company risk identifies and assesses both those risks qualitatively as part of a quarterly evaluation. On the basis of this evaluation, company risk creates an overview of local and global risks which also includes reputational risks, analyses the risk profile of the company and regularly informs directors and management.

**6.3.4 Operational risk**

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.

The initiation of all transactions and their administration is conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions. These controls are augmented by management and executive review of control accounts and systems, electronic and manual checks and controls, back-up facilities and contingency planning. The internal control systems and procedures are also subjected to regular internal audit reviews.

**6.3.5 Market risk**

Market risk includes asset liability matching risk, currency risk, interest rate risk and equity price risk.

The company is exposed to market risk through its financial assets and financial liabilities. The most important components of this risk are interest rate risk and market price risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

**6.3.6 Interest rate and market price risk**

These risks have very different impacts on the various categories of business used in the company's Assets and Liabilities Management framework. Interest rate and market price risk have been discussed together since they interact on certain types of liabilities.

**6.3.7 Interest rate risk**

Interest rate risk is the risk that the value and cash flow of a financial instrument will fluctuate due to changes in market interest rates.

**6.3.8 Equity price risk**

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

**6.3.9 Foreign currency risk**

In respect of other monetary assets and liabilities held in currencies other than the Naira, the company ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates, where necessary, to address short-term imbalances.

**6.3.10 Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a loss to the other party by failing to discharge an obligation.

Key areas where the company is exposed to credit risk are:

* Certain classes of financial assets such as term deposits and cash and cash equivalent; and

* Certain accounts within trade and other receivables.

**Financial assets**

Various debt instruments are entered into by the company in order to invest surplus shareholder funds. The company is exposed to the issuer's credit standing on these instruments.

The following policy and procedure is in place to mitigate the company's exposure to this credit risk:

* Exposure to outside financial institutions concerning financial instrument is monitored in accordance with parameters which have been approved by the company's Audit Committee and the company's board.

| | 2023 | 2022 |
|---|---|---|
| **Age analysis of receivables (Net)** | **₦,000** | ₦,000 |
| 1 - 90 days | **1,145,221,836** | 662,883,305 |
| 91 - 180 days | **66,368,952** | 69,679,620 |
| 181 - 270 days | **-** | - |
| 271 - 356 days | **-** | - |
| 365 and above | **-** | 399,816,172 |
| | **1,211,590,788** | 1,132,379,098 |

**6.3.11Liquidity risk**

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on 360-day lookout period are identified monthly. Net cash requirements are compared to available the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury maintains flexibility in funding by keeping committed credit lines available.

| **31 March 2023** | **1 - 12 Months** | 13 Months & above |
|---|---|---|
| | **₦,000** | ₦,000 |
| Borrowings | | - |
| Trade and other payables | **13,634,927** | |
| **Total** | **13,634,927** | **-** |
| **31 March 2022** | | |
| Borrowings | | - |
| Trade and other payables | **3,181,200** | |
| **Total** | **3,181,200** | - |

**Sensitivity Analysis**

Management applies a number of sensitivity tests to the earnings of the Group to better understand the exposure to and importance of each of the main drivers of profitability.

IFRS 7 requires management to report on the changes in the net income after tax following "reasonable possible" changes in each of the factors to which the Group is exposed. Management has set the upside and downside movements for each factor at a level which represents the amount by which management believes that factor could reasonably change over the year following the valuation date. These opinions have been informed by an analysis of historical one year changes in those factors. The upper and lower limits have been set at the 75th and 25th percentiles of observed changes as these bound and interval which may be expected to contain 50% of the changes in the coming year. Management believes this represents in some sense what is "reasonably possible", though it is important to note that this opinion is based on past experience and the tested range is not sensitive to all the relevant information in the market at the reporting date.

Management has considered the impact of upside and downside movements in foreign exchange rates. In relation to these sensitivities:

* The earnings are sensitive to changes in both the shape and level of the yield curve. Management has not considered changes in the shape of the yield curve due to several constraints although this may be reviewed in the following year.

* The foreign exchange movements have been considered together in the same sensitivity. Observed historic negative correlations between factors would tend to dampen the effects presented. These correlations are not very large and they have not been adjusted for. This treatment has resulted in the presentation of a slightly more extreme view of what could reasonably occur over the following year.

Future rates of expense inflation, catastrophes and tax assumptions were considered but no sensitivities are presented as it is unlikely, in management's opinion that, these assumptions will change over the following year.

It should be noted that each impact on profit after tax is shown individually for each sensitivity being changed, keeping all other assumptions constant. In practice this is unlikely to occur, as changes in some of the variables may be correlated.

## 7 Revenue

| | **2023** | 2022 |
|---|---|---|
| | **₦** | ₦ |
| Revenue | | |
| Onsite and offshore services | **6,333,751,415** | 2,312,585,142 |
| Hardware and software system services | **14,215,532,619** | 1,555,368,660 |
| | **20,549,284,034** | 3,867,953,802 |

Revenue relate to onsite/offshore and hardware/software system services rendered to customers. Revenue is recognized once the percentage of work completed is received.

## 8 Cost of Services

| | **2023** | 2022 |
|---|---|---|
| | **₦** | ₦ |
| Subcontracting - onsite and offshore | **-** | - |
| Subcontracting - hardware and software system | **14,280,269,942** | 1,996,996,611 |
| | **14,280,269,942** | 1,996,996,611 |

**Subcontracting Expenses**

Subcontracting expenses relate to costs that are incured for hiring subcontractors to render a particular service on behalf of the company.

## 9 Other Income

| | **2023** | 2022 |
|---|---|---|
| | **₦** | ₦ |
| Sundry income | **-** | - |
| Sundry balance write back | | |
| | **-** | - |

Other income relates to income earned from other activities other than the company's principal activities.

**10 Administrative Expenses**

| | 2023 | 2022 |
|---|---|---|
| | ₦ | ₦ |
| Employee benefit expenses | **201,643,206** | 73,149,701 |
| Audit fees | **8,842,680** | 7,308,000 |
| Allowance for ECL | **8,458,923** | 763,645 |
| Bank charges | **936,797,475** | 29,754,374 |
| Business promotion expenses | **86,983,145** | 42,058,753 |
| Exchange loss | **62,680,255** | 738,344,894 |
| Guest house expenses | **5,855,975** | 5,256,015 |
| Insurance | **10,495,340** | - |
| Legal expenses and professional fees | **157,815,584** | 7,908,365 |
| Motor running expenses | **64,926,635** | 11,023,320 |
| Office running expenses | **286,477,511** | 77,556,534 |
| Rent | **135,365,078** | 46,464,680 |
| Telephone, internet and postage | **2,546,236** | 400,000 |
| Travelling and conveyance | **143,553,294** | 17,897,051 |
| | **2,112,441,337** | 1,057,885,332 |

Administrative expenses consist of the expenses listed above. Personnel cost emolument relates to cost incurred on staff remuneration; General expenses represent expenses incurred on miscellaneous charges; Office running expenses represents water charges, utility bills and other office expenses, etc.

**10.1 Employee Benefit Expenses**

| | 2023 | 2022 |
|---|---|---|
| | ₦ | ₦ |
| Salaries and wages | **201,643,206** | 73,149,701 |
| | **201,643,206** | 73,149,701 |

Personnel cost relates to  cost incured in retaining the existing personnel as well as hiring the new once.

**10.2 Depreciation**

| | 2023 | 2022 |
|---|---|---|
| | ₦ | ₦ |
| Motor vehicle | **-** | - |
| Computer equipment | **-** | - |
| Plants & machinery | **-** | - |
| Office equipment | **-** | - |
| Furniture & fittings | **-** | - |
| | **-** | - |

Depreciation expenses represent a portion of the cost of plant and equipment that is matched in consideration to the useful life of the assets during the year.

**10.2 Depreciation**

| | 2023 | 2022 |
|---|---|---|
| | ₦ | ₦ |
| Interest income | **-** | 1,133,753 |
| | **-** | 1,133,753 |

**10.2 Depreciation**

| | **2023** | 2022 |
|---|---|---|
| | **₦** | ₦ |
| Interest expenses | **108,220** | - |
| | **108,220** | - |

The finance cost relates to interest and similar charges on related party loan.

**13 Expenses by nature**

| | **2023** | 2022 |
|---|---|---|
| | **₦** | ₦ |
| Personnel expenses | **201,643,206** | 73,149,701 |
| Depreciation | **-** | - |
| General expenses | **1,164,638,703** | 1,026,967,313 |
| | **1,366,281,909** | 1,100,117,014 |

**14 Taxation**

**14.1 Income tax recognized in income statement**

| | **2023** | 2022 |
|---|---|---|
| | **₦** | ₦ |
| **Current tax** | | |
| Company income tax | **778,969,437** | - |
| Education tax | **87,255,206** | 30,656,160 |
| Minimum tax | **-** | 19,345,438 |
| IT levy | **41,565,728** | 8,142,056 |
| NASENI levy | **10,391,432** | 2,035,514 |
| Police trust fund levy | **207,829** | 40,710 |
| Prior year under provision | | - |
| | **921,138,781** | 60,219,878 |
| **Deferred tax** | | |
| Prior year under provision | | |
| Charged during the year | | |
| Deferred tax expense recognized | **39,208,169** | 12,570,615 |
| Total income tax expenses recognized in the year | **960,346,950** | 72,790,493 |

The tax rate used for the tax computation is 30% payable by corporate entities in Nigeria and 2.5% for education tax.

**14.2 Current Tax Liabilities**

| | **2023** | 2022 |
|---|---|---|
| | **₦** | ₦ |
| Balance as at 1 April | **-** | 62,372,155 |
| Prior year under provision | **-** | - |
| Provision for the year | **921,138,781** | 60,219,878 |
| | **921,138,781** | 122,592,033 |
| WHT credit utilised | **-** | (117,342,718) |
| Payment during the year | **-** | (5,249,315) |
| As at 31 March | **800,758,227** | - |

**14.3 Deferred Tax Asset**

| | 2023 | 2022 |
|---|---|---|
| | ₦ | ₦ |
| Balance as at 1 April | **498,786,450** | 511,357,065 |
| Movement during the year | **(39,208,169)** | (12,570,615) |
| As at 31 March | **459,578,281** | 498,786,450 |

**15 Property, Plant & Equipment**

| | Motor Vehicle | Plant & Machinery | Computer Equipment | Furniture & Fittings | Office Equipment | Capital Work-in-progress | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | ₦ | ₦ | ₦ | ₦ | ₦ | ₦ | ₦ |
| As at 1 April 2022 | 22,641,875 | 4,193,223 | 7,065,386 | 8,055,000 | 422,000 | 4,951,800 | 47,329,284 |
| Additions during the year | - | - | - | - | - | - | - |
| **As at 31 March 2023** | **22,641,875** | **4,193,223** | **7,065,386** | **8,055,000** | **422,000** | **4,951,800** | **42,377,484** |
| **Depreciation** | | | | | | | |
| As at 1 April 2022 | 22,435,190 | 4,132,279 | 7,046,585 | 7,842,926 | 407,916 | | 41,864,896 |
| Charge for the year | - | - | - | - | - | | - |
| **As at 31 March 2023** | **22,435,190** | **4,132,279** | **7,046,585** | **7,842,926** | **407,916** | | **41,864,896** |
| **Carrying Amount** | | | | | | | |
| As at 31 March 2023 | **206,685** | **60,944** | **18,801** | **212,074** | **14,084** | **4,951,800** | **5,464,388** |
| As at 31 March 2022 | **206,685** | **60,944** | **18,801** | **212,074** | **14,084** | **4,951,800** | **5,464,388** |

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

The company's property, plant and equipment has not been pledged as security for loan.

All the assets have been fully depreciated and the carrying amount represents the scrap value of the assets.

**16 Prepayments**

| | 2023 | 2022 |
|---|---|---|
| | ₦ | ₦ |
| Prepaid rent | **101,297,555** | 66,019,539 |
| Advance to suppliers | **-** | - |
| | **101,297,555** | 66,019,539 |

**17 Trade and Other Receivables**

| | 2023 | 2022 |
|---|---|---|
| | ₦ | ₦ |
| Trade receivables | **10,968,830,768** | 1,218,997,198 |
| Allowance for ECL | **(18,350,757)** | (9,891,833) |
| | **10,950,480,011** | 1,209,105,365 |
| Withholding tax receivable | **1,200,203,379** | 403,030,009 |
| Staff receivables | **-** | - |
| Intercompany receivables | **120,895,098** | 120,895,098 |
| VAT receivables | **976,907,579** | 225,299,148 |
| Other Receivable | **621,289,115** | 533,314,042 |
| | **13,869,775,182** | 2,491,643,662 |

All amounts are short-term. The net carrying value of trade receivables is considered to be at fair value.

**18 Cash and Cash Equivalent**

| | **2023** | 2022 |
|---|---|---|
| | **₦** | ₦ |
| Cash at Bank | **330,350,064** | 735,632,476 |
| Forex deposit | **4,250,000,000** | 2,394,462,509 |
| Short term deposit | **1,626,146,290** | - |
| | **6,206,496,354** | 3,130,094,985 |

The bank balance represent Citi Bank Plc balances as at year end, while short term deposit represents cash balance as at year end. These comprise of balances in foreign currencies that are translated at the period end, using the interbank rate as at 31 March 2023.

**19 Share Capital**

**19.1 Issued and Fully Paid-Up**

| | **2023** | 2022 |
|---|---|---|
| | **₦** | ₦ |
| 153,040,026 Ordinary Shares of ₦1.00 each | **153,040,026** | 153,040,026 |

The share capital of Tech Mahindra (Nigeria) Limited consists only of fully paid ordinary shares with a nominal value of ₦1 each.

**19.2 Deposit for Shares**

| | **2023** | 2022 |
|---|---|---|
| | **₦** | ₦ |
| Share application money | **6,703,980,335** | 6,703,980,335 |

Deposit for shares represents intercompany payables and loans payable to the parent company (Tech Mahindra Limited - India) that is converted/transferred to share application money after a resolution by the Board of Directors in February 2022.

**20 Borrowing**

| | **2023** | 2022 |
|---|---|---|
| | **₦** | ₦ |
| Loan from related party | **-** | - |
| | **-** | - |

The loan from related party relates to unsecured loan from Tech Mahindra Limited India for the purpose of capital projects and working capital operations. The loan amount has been converted and transferred to share application money by virtue of the Board of Directors resolution in February 2022.

## 21 Trade and Other Payables

| | 2023 | 2022 |
|---|---|---|
| | ₦ | ₦ |
| Trade payables | **-** | - |
| Accruals | **147,974,733** | 451,035,427 |
| Intercompany payables | **12,212,414,326** | 1,380,126,186 |
| Statutory payables | **1,274,537,859** | 115,933,536 |
| LC payables | **-** | 1,234,104,845 |
| | **13,634,926,918** | 3,181,199,994 |

The carrying amount of trade and other payables are considered to be at their fair values.

## 22 Related Parties Transactions

This comprise of intercompany balances. Details of transactions and outstanding balances between the company and its related parties during the year are disclosed below:

### 22.1 Employees

| Average number of persons employed during the year: | Number | Number |
|---|---|---|
| Management staff | **2** | 2 |
| Senior staff | **2** | 2 |
| Junior staff | **6** | 6 |
| | **10** | 10 |

### 22.2 Parent Company - Tech Mahindra Limited India

| | 2023 | 2022 |
|---|---|---|
| | ₦ | ₦ |
| Opening balance | **1,380,126,186** | 7,390,656,946 |
| Movement during the year | **10,832,288,140** | 396,872,275 |
| Closing Balance as at 31 March | **12,212,414,326** | 1,380,126,186 |
| Loan from Tech Mahindra Limited India | **-** | - |

### 22.3 COMVIVA Nigeria Limited

| | 2023 | 2022 |
|---|---|---|
| | ₦ | ₦ |
| Opening balance | **186,449,671** | 186,449,671 |
| Movement during the year | **(186,449,671)** | - |
| Closing Balance as at 31 March | **-** | 186,449,671 |
| Loan to COMVIVA Nigeria Limited | **-** | 92,530,655 |

## 23 Events After The Reporting Date

There were no significant adjusting or non-adjusting events after the reporting date based on the opinion of the directors which could have had a material effect on the financial statements. COVID-19 pandemic is considered to be a non-adjusting event which is still on after the reporting date.

The company is actively and continuously monitoring the ongoing and potential impacts of the pandemic in order to mitigate and minimise the impact on its business.

## 24 Authorization of Financial Statements

The financial statements for the year 31 March 2023 (including comparatives) were approved by the board of directors on **29 June 2023**.

# TECH MAHINDRA TECHNOLOGY SERVICES LLC

**Board of Directors**

Sandeep Phadke, Director

**Registered office**

125009, Moscow, Vozdvizhenka street, 10, fl. 3,
sp. IX, room 182, office 350, workplace No. 4.

**Banker:**

AO Citibank, Moscow

# BALANCE SHEET AT DECEMBER, 31ST, 2022

| | |
|---|---|
| Organization | TECH MAHINDRA TECHNOLOGY SERVICES LLC |
| TIN | 9704042589 |
| Type of activity | |
| Organizational-legal form/form of ownership | Limited liability company / Foreign property |
| Unit of measure: | Thousand RUB |
| Location (address) | Russia, Moscow , 125009, Vozdvizenka str, building 10, prem.IX office 350 |

| | Codes | | |
|---|---|---|---|
| Form № per OKUD | 0710001 | | |
| Date (year, month, date) | 31 | 12 | 2022 |
| per OKPO | 54223529 | | |
| TIN | 9704042589 | | |
| per OKVED | 73.11 | | |
| per OKOPF/OKFS | 12300 | 23 | |
| per OKEI | 384 | | |

| Indicator | Item | Code | at 31.12.2022 | at 31.12.2021 | at 31.12.2020 |
|---|---|---|---|---|---|
| | **ASSETS** | | | | |
| | **I. NON-CURRENT ASSETS** | | | | |
| | Intangible assets | 1110 | | | |
| | Fixed assets | 1150 | | | |
| | Investments in tangibles | 1160 | | | |
| | Long-term financial investments | 1170 | | | |
| | Deferred tax assets | 1180 | | | |
| | Other non-current assets | 1190 | | | |
| | TOTAL for Section I | 1100 | | | |
| | **II. CURRENT ASSETS** | | | | |
| | Inventory | 1210 | | | |
| | VAT on valuables acquired | 1220 | 278 | 71 | |
| | Receivables | 1230 | 619 | 389 | |
| | Short-term financial investments | 1240 | | | |
| | Monetary assets | 1250 | 107 | 149 | |
| | Other current assets | 1260 | | | |
| | TOTAL for Section II | 1200 | 1,004 | 609 | |
| | **BALANCE** | 1600 | 1,004 | 609 | |
| | **LIABILITIES** | | | | - |
| | **III. CAPITAL AND RESERVES** | 1310 | 1,000 | 1,000 | |
| | Charter capital | 1320 | - | - | |
| | Own shares purchase from shareholders | 1340 | - | - | |
| | Revalue of non-currene assets | 1350 | | | |
| | Capital surplus | 1360 | | | |
| | Reserve capital | 1370 | (3,793) | (1,434) | |
| | Retained profit (uncovered loss) | 1300 | (2,793) | (434) | |
| | TOTAL for Section III | | | | |

| Indicator | Item | Code | at 31.12.2022 | at 31.12.2021 | at 31.12.2020 |
|---|---|---|---|---|---|
| | **IV. LONG-TERM LIABILITIES** | | | | |
| | Debts and borrowings | 1410 | | | |
| | Deferred tax liabilities | 1420 | | | |
| | Provisions for charges | 1430 | | | |
| | Other long-term liabilities | 1450 | | | |
| | TOTAL for Section IV | 1400 | | | |
| | **V. SHORT-TERM LIABILITIES** | | | | |
| | Debts and borrowings | 1510 | | | |
| | Payables | 1520 | 3,692 | 974 | |
| | Deferred revenues | 1530 | | | |
| | Estimated liabilities | 1540 | 105 | 69 | |
| | Other short-term liabilities | 1550 | | | |
| | TOTAL for Section V | 1500 | 3,797 | 1,043 | |
| | **BALANCE** | 1700 | 1,004 | 609 | |

Litvinov Sergey
General Director

# PROFITS AND LOSS STATEMENT 01.01.2022 - 31.12.2022

| | | | | |
|---|---|---|---|---|
| Organization | TECH MAHINDRA TECHNOLOGY SERVICES LLC | | Codes | |
| TIN | 9704042589 | Form № per OKUD | 0710002 | |
| Type of activity | | Date (year, month, date) | 31 12 2022 | |
| Organizational-legal form/form of ownership | Limited liability company / Foreign property | per OKPO | 51172671 | |
| | | TIN | 7714359119 | |
| | | per OKVED | 73.11 | |
| Unit of measure: | Thousand RUB | per OKOPF/OKFS | 12300 | 23 |
| | | per OKEI | 384 | |

| Indicator | Item | Code | For the reporting period | For the same period of the previous year |
|---|---|---|---|---|
| | Revenue | 2110 | | |
| | Costs of sales | 2120 | | |
| | Gross profit | 2100 | 0 | 0 |
| | Commercial expenses | 2210 | | |
| | Management expenses | 2220 | (2,054) | (1,140) |
| | Profit (loss) on sales | 2200 | (2,054) | (1,140) |
| | Income from participation in other organizations | 2310 | - | - |
| | Interest receivable | 2320 | | |
| | Interest payable | 2330 | | |
| | Other income | 2340 | 262 | 14 |
| | Othes expenses | 2350 | (567) | (308) |
| | Profit (loss) before taxes | 2300 | (2,359) | (1,434) |
| | Current profit tax | 2410 | | |
| | Permanent tax liabilities | 2421 | | |
| | Changing deferred tax liabilities | 2430 | - | - |
| | Chanding deferred tax assets | 2450 | - | - |
| | Others | 2460 | - | - |
| | Net profit (loss) of the reporting period | 2400 | (2,359) | (1,434) |

| Indicator | Item | Code | For the reporting period | For the reporting period |
|---|---|---|---|---|
| | Revalue of non-current assets | 2510 | - | - |
| | Other operations balance | 2520 | - | - |
| | Net profit (loss) of the reporting period | 2500 | (2,359) | (1,434) |
| | Basic earnings (loss) per share | 2900 | - | - |
| | Diluted earnings (loss) per share | 2910 | - | - |

Litvinov Sergey
General Director

# STATEMENT OF CHANGES IN THE SHAREHODER’S EQUITY 01.01.2022- 31.12.2022

| | | | Codes |
|---|---|---|---|
| Organization | TECH MAHINDRA TECHNOLOGY SERVICES LLC | Form No 3 per OKUD | 0710003 |
| TIN | 9704042589 | Date (year, month, date) | 31.12.2022 |
| Type of activity | | per OKPO | 51172671 |
| Organizational-legal form/form of ownership | Limited liability company / Foreign property | TIN | 7714359119 |
| | | per OKVED | 73.11 |
| Unit of measure: | Thousand RUB | per OKOPF/OKFS | 12300/23 |
| | | per OKEI | 384 |

**I. CHANGE IN CAPITAL**

| Description | Code | Charter capital | Treasury shares | Additional capital | Reserve capital | Retained earnings (loss) | Total |
|---|---|---|---|---|---|---|---|
| Balance at December 31, 2017 | 3100 | | | | | | |
| **For 2021** | | | | | | | |
| Capital increase - total: | 3211 | 1,000 | - | - | - | - | 1,000 |
| including | 3212 | - | - | - | - | - | - |
| net profit | 3213 | - | - | - | - | - | - |
| income from fixed assets revaluation | 3214 | - | - | - | - | - | - |
| income booked to capital increase | 3215 | - | - | - | - | - | - |
| additional issue of shares | 3216 | - | - | - | - | - | - |
| increase in the par value of shares | 3220 | - | - | - | - | - | - |
| reorganization of the legal entity | 3216 | - | - | - | - | - | - |
| Capital decrease - total: | 3220 | - | - | - | - | - | - |
| including | | - | - | - | - | - | - |
| net losses | 3221 | - | - | - | - | (1,434) | (1,434) |
| losses from fixed assets revaluation | 3222 | - | - | - | - | - | - |
| expenses booked to capital decrease | 3223 | - | - | - | - | - | - |
| decrease in the par value of shares | 3224 | - | - | - | - | - | - |
| decrease in the number of shares | 3225 | - | - | - | - | - | - |
| reorganization of the legal entity | 3226 | - | - | - | - | - | - |
| dividends | 3227 | - | - | - | - | - | - |
| Additional capital change | 3230 | - | - | - | - | - | - |
| Reserve capital change | 3240 | - | - | - | - | - | - |
| Balance as of December 31, 2021 | 3200 | 1,000 | - | - | - | (1,434) | (434) |

| Description | Code | Charter capital | Treasury shares | Additional capital | Reserve capital | Retained earnings (loss) | Total |
|---|---|---|---|---|---|---|---|
| **For 2022** | | | | | | | |
| Capital increase - total: | 3310 | | - | - | - | - | |
| including | | - | - | - | - | - | |
| net profit | 3311 | - | - | - | - | - | - |
| income from fixed assets revaluation | 3312 | - | - | - | - | - | - |
| income booked to capital increase | 3313 | - | - | - | - | - | - |
| additional issue of shares | 3314 | - | - | - | - | - | - |
| increase in the par value of shares | 3315 | - | - | - | - | - | - |
| reorganization of the legal entity | 3216 | - | - | - | - | - | - |
| Capital decrease - total: | 3320 | - | - | - | - | - | - |
| including | | - | - | - | - | - | - |
| net losses | 3321 | - | - | - | - | (2,359) | (2,359) |
| losses from fixed assets revaluation | 3322 | - | - | - | - | - | - |
| expenses ralated to capital decrease | 3323 | - | - | - | - | - | - |
| decrease in the par value of shares | 3324 | - | - | - | - | - | - |
| decrease in the number of shares | 3325 | - | - | - | - | - | - |
| reorganization of the legal entity | 3326 | - | - | - | - | - | - |
| dividends | 3327 | - | - | - | - | - | - |
| Additional capital change | 3330 | - | - | - | - | - | - |
| Reserve capital change | 3340 | - | - | - | - | | |
| Balance as of December 31, 2021 | 3300 | 1,000 | - | | - | (3,793) | (2,793) |

**II. Capital adjustment due to accounting policy changes and prior year errors correction**

| Description | Code | Balance as of December 31, 2020 | Capital change for 2021 | | Balance as of December 31, 2021 |
|---|---|---|---|---|---|
| | | | through net profit/ (loss) | other | |
| **Capital - total** | | (434) | | | (434) |
| before adjustment | 3400 | | | | |
| Adjustment incl. | | | | | |
| Accounting policy change | 3410 | | | | |
| errors correction | 3420 | | | | |
| after adjustment | 3500 | | | | |
| incl.: | | | | | |
| **Retained earnings** | | | | | |
| before adjustment | 3401 | (1,434) | | | (1,434) |
| Adjustment incl. | | | | | |
| Accounting policy change | 3411 | | | | |
| errors correction | 3421 | | | | |
| after adjustment | 3501 | | | | |
| Other capital line | | | | | |
| corrected | | 1000 | | | 1000 |
| before adjustment | 3402 | | | | |
| Adjustment incl. | | | | | |
| Accounting policy change | 3412 | | | | |
| errors correction | 3422 | | | | |
| after adjustment | 3502 | | | | |

**III. Net assets**

| Description | Code | At December 31, 2021 | At December 31, 2020 | At December 31, 2019 |
|---|---|---|---|---|
| Net assets | 3600 | (2,793) | (434) | --------- |

Litvinov Sergey

General Director

# STATEMENT OF CASH FLOWS 01.01.2022 - 31.12.2022

| | | | |
|---|---|---|---|
| | | | Codes |
| Organization | TECH MAHINDRA TECHNOLOGY SERVICES LLC | Form No 4 per OKUD | 0710004 |
| TIN | 9704042589 | Date (year, month, date) | 31.12.2022 |
| Type of activity | | per OKPO | 51172671 |
| Organizational-legal form/form of ownership | Limited liability company / Foreign property | TIN | 9704042589 |
| | | per OKVED | 73.11 |
| Unit of measure: | Thousand RUB | per OKOPF/OKFS | 12300/23 |
| | | per OKEI | 0384 |

| Description | Code | For 2022 | For 2021 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash proceeds received from - total | 4110 | | |
| including: | | | |
| cash proceeds received from customers | 4111 | | |
| rent payments, license payments, fees, payments under comission agreements and other | 4112 | | |
| resale of financial investments | 4113 | | |
| other payments | 4119 | | |
| Cash disbursements for - total | 4120 | (2,927) | (851) |
| including: | | | |
| payment of goods, work, services, raw materials and other assets | 4121 | (1,646) | (516) |
| payroll | 4122 | (894) | (72) |
| payment of interest | 4123 | - | - |
| corporate income tax | 4124 | | |
| tax payments | 4125 | | |
| payments of other expenses | 4129 | (387) | (263) |
| **Net cash flows from operating activities** | 4100 | (2,927) | (851) |
| **Cash flows from investing activities** | | | |
| Cash proceeds received from - total | 4210 | - | |
| including: | | - | - |
| proceeds from the sale of non-current assets (except for financial investments) | 4211 | - | - |
| proceeds from sales of shares in other entities | 4212 | - | - |
| proceeds from repayment of loans given, from sale of debt securities (or rights of regress from other parties) | 4213 | - | - |
| dividends received, interest received | 4214 | - | - |
| other payments | 4219 | - | - |
| Cash disbursements for - total | 4220 | - | - |
| including: | | - | - |
| purchase, construction, modernisation, reconstruction and preparation for use of non-current assets | 4221 | - | - |
| purchase of shares in other entities | 4222 | - | - |
| purchase of debt securities (or rights of regress from other parties), extention of loans to other entities | 4223 | - | - |
| interest paid on debt securities, included in cost of investment asset | 4224 | - | - |
| other payments | 4229 | - | - |
| **Net cash flows from investing activities** | 4200 | - | - |

| Description | Code | For 2022 | For 2021 |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Cash proceeds received from - total | 4310 | --------- | --------- |
| including: | | - | - |
| proceed from loans and borrowings provided by other entities | 4311 | - | - |
| participatory inputs | 4312 | 2,885 | 1,000 |
| issuance of stock, increase of shares | 4313 | - | - |
| issuance of bonds, promissory notes and other debt securities and other | 4314 | - | - |
| other payments | 4319 | - | - |
| Cash disbursements for - total | 4320 | - | - |
| including: | | - | - |
| to shareholders for purchase of shares of the entity | 4321 | - | - |
| dividends or other distribution of earnings to shareholders | 4322 | - | - |
| redemption (buyout) of promissory notes and other debt securities, repayment of loans | 4323 | - | - |
| Other payments | 4329 | - | - |
| **Net cash flows from financing activities** | 4300 | 2,885 | 1,000 |
| **Net cash flows total** | 4400 | (42) | 149 |
| **Balance of cash and cash equivalents as of the beginning of the reporting period** | 4450 | 149 | - |
| **Balance of cash and cash equivalents as of the end of the reporting period** | 4500 | 107 | 149 |
| Effect of changes in the exchange rate of foreign currency to the ruble | 4490 | | |

Litvinov Sergey
General Director

# EVALUATION OF THE NET ASSET VALUE OF THE COMPANY

| Description | | Code | at 31.12.2022 | at 31.12.2021 | at 31.12.2020 |
|---|---|---|---|---|---|
| I. ASSETS | | | | | |
| 1. | intangible assets | 1110 | 0 | 0 | 0 |
| 2. | Fixed assets | 1150 | 0 | 0 | 0 |
| 3. | Unfinished construction | 1190 | - | - | - |
| 4. | Profitable investments in material assets | 1160 | - | - | - |
| 5. | Long-term and short-term investments | 1170 | - | - | - |
| 6. | Deferred tax assets | 1180 | 0 | 0 | 0 |
| 7. | Inventory | 1210 | 0 | 0 | 0 |
| 8. | VAT on valuables acquired | 1220 | 278 | 71 | - |
| 9. | Receivable<*> | 1230 | 619 | 389 | 0 |
| 10. | Monetary assets | 1250 | 107 | 149 | 0 |
| 11. | Other current assets | 1260 | 0 | 0 | 0 |
| **12.** | **Total** | | **1,004** | **609** | **0** |
| II. LIABILITIES | | | | | |
| 13. | Long-term Debts and borrowings | 1410 | 0 | 0 | 0 |
| 14. | Deferred tax liabilities | 1420 | - | - | - |
| 15. | short-term Debts and borrowings | 1510 | - | - | - |
| 16. | Payables | 1520 | 3,692 | 974 | 0 |
| 17. | Provisions for charges | 1540 | 105 | 69 | 0 |
| 18. | Other current liabilities | 1550 | - | - | - |
| **19.** | **Total** | | **3,797** | **1,043** | **0** |
| **21.** | **The net asset value of the company (total assets taken for calculation (line. 12), minus total liabilities taken for calculation (line. 20))** | | **-2,793** | **-434** | **0** |

<*> Except for the debt of participants (founders) for contributions to the charter capital

Litvinov Sergey
General Director

# NOTES ON THE ACCOUNTS FOR 2022.

## 1. General

TECH MAHINDRA TECHNOLOGY SERVICES LLC (hereinafter referred to as the Company) was formed in 2020. The Company was registered by FTSI [Federal Tax Service Inspectorate] No. 4 for the city of Moscow on 30.12.2020. OGRN [Primary National Registration Number] 1207700503614.

Registered address and place of business: workstation 4, office 350, room 182, unit IX, No. 10 Vozdvizhenka str.,125009 Moscow.

The sole executive organ is the Company's General Director. As at 31 December 2022, Sergey Petrovich Litvinov was General Director of the Company.

As at 31 December 2021, Sergey Petrovich Litvinov was General Director of the Company.

As at 31 December 2020, Sergey Petrovich Litvinov was General Director of the Company.

The Company focuses on communications and information technology:

- Software development;
- Wired and wireless communication solutions
- Computer technology advice and research and development;

The Company's operations are governed by the laws of the Russian Federation.

The Company's staff averaged 1, 1 and 1 as at 31 December 2022, 2021 and 2020 respectively.

All amounts in the tables of the Notes are in thousands of Russian roubles unless otherwise stated.

## 2. Accounting management

### 2.1. General

The Company's accounts are generated according to the RF accounting and reporting rules in place.

The Company's accounting is organized in compliance with the statutory accounting requirements of the RF, the rules and regulations of the RF Finance Ministry and the federal agencies regulating accounting.

Bookkeeping and accounting in 2022 were conducted under the arrangements set out in the Company's Accounting Policy enacted by the general director's order of 31 December 2021.

Accounting and tax reporting are conducted using a corporate information system, 1C: Accounting 8.3., 1C: Enterprise 8.3 ZUP [Payroll Management].

### 2.2. Applicability of the going concern assumption to the Company

The accounts were produced by the Company's management on the assumption that the Company will carry on as a going concern in the foreseeable future and that it does not intend and is not required to liquidate or substantially scale down the Company's operations, and therefore its liabilities will be met in the prescribed manner.

### 2.3. Chart of accounts

The Company has developed and uses a working chart of accounts based upon the standard corporate chart of accounts enacted by the RF Finance Ministry Order of 31 October 2000, No. 94n, employing individual subaccounts, which enable the production of accounting records meeting the requirements of accounting and tax legislation consistent with the Russian standards, as well as with the requirements of separate accounting for expenses.

### 2.4. Stocktaking

Stocktaking is conducted in compliance with the Asset and Liability Inventory Guidelines, put into effect by the RF Finance Ministry Order of 13 June 1995, No. 49.

Measurement of fixed assets is conducted at least once every 3 years. The last measurement of fixed assets was conducted as at 31 December 2021.

The measurement of the other assets and liabilities was conducted as at 31 December 2022.

## 3. Basic principles of accounting policy

### 3.1. Assets and liabilities denominated in foreign currency

The accounting for business transactions made in foreign currencies uses the official rouble exchange rate, as set by the Central Bank of the Russian Federation (the RF CB) for the transaction date. The foreign exchange-denominated assets and liabilities are listed in the report in the amounts assessed based on the official rouble exchange rate set by the RF CB and in effect for 31 December 2020, 2019 and 2018.

The accounting treatment of foreign exchange-denominated assets and liabilities is governed by AR [Accounting Regulation] 3/2006, “Foreign Exchange-Denominated Asset and Liability Accounting”. Pursuant to AR 3/2006, foreign exchange-denominated liabilities shall be converted to roubles as:

- at the date of entry thereof into the books;
- at the last day of the month, at the reporting date and at the transaction date;
- at the date of discharge of the liability.

The exchange differences are recognized in the Statement of Financial Results as part of other income or other expense.

### 3.2. Current and non-current assets and liabilities

Assets recognized in the accounts as current are expected to be used in production or otherwise within 12 months of the reporting date. Liabilities recognized in the accounts as short-term are expected to be discharged within 12 months of the reporting date. All other assets and liabilities are classified as long-term.

### 3.3. Fixed asset accounting

The original cost of fixed assets acquired for a consideration is deemed to be the amount of the Company’s actual costs of the acquisition, construction and manufacturing, net of value-added tax and other recoverable taxes (except as otherwise provided by the laws of the Russian Federation).

The fixed assets received free of charge are entered into the books at the fair market price, as documented, and are recognized as part of deferred income and then included on a monthly basis in other revenues in the amount of depreciation charged.

The original cost of fixed assets received under contracts providing for the performance of obligations (payment) other than in money is deemed to be the value of the assets transferred or to be transferred to the Company. The value of the assets transferred or to be transferred is established based on the price that is normally used by the Company under similar circumstances to determine the value of similar assets.

The original cost of fixed assets includes the actual costs of delivering the assets and putting them into a serviceable condition.

The interest charged on loans taken out prior to the commissioning of fixed assets to finance the acquisition (construction) of investment assets is included in the original cost thereof for accounting purposes.

Assets that meet the conditions responding to the fixed asset criteria specified in cl. 4 of AR 6/01 and are worth up to 40,000 rbl. per unit shall be recognized in the accounts and financial statements as part of inventory and supplies (I&S), including objects (household implements and supplies) and workwear, which, when released for production purposes, are not consumed directly, but serve for a period exceeding 12 months. Before 1 January 2011, inventory and supplies (“I&S”) included items worth up to 20 thou. rbl. per unit. With a view to securing the safety of said items worth up to 20 thou. rbl. and 40 thou. rbl., recognized as part of inventory and supplies, arrangements have been put in place to monitor their movement when released for production (operation). Fixed assets worth 20 to 40 thou. rbl., put on the books by 1 January 2011, are recognized as fixed assets and are depreciated as per general procedure.

Adjustments can be made to the original cost in the event of extension, refitting, remodelling, upgrading, partial liquidation and revaluation of fixed assets. Accounting for expenses related to the upgrading and remodelling of a fixed asset follows the procedure established for capital investment accounting. Where fixed assets are modernized and remodelled, the current replacement cost of the fixed assets shall be increased by the amount of the actual expenses incurred. In the event of improvement (increase) of the original regulatory performance indicators of an FA item as a result of upgrading and remodelling, adjustment is made to the useful life of the item. The useful life can be adjusted either upwards or downwards.

Depreciation is charged on fixed assets using the straight-line method based on the original cost or current (replacement) value (if revaluation is made) of fixed assets and on the rate of depreciation charged based on the useful life of the asset. The straight-line method is applied throughout the useful life of the asset.

Depreciation is not charged on fixed assets whose usability does not change over time (land plots and natural resources; articles classified as museum items and museum collections, etc.).

The useful lives of fixed assets (in years) used for charging depreciation are given below:

| | **Useful lives (years)** | |
|---|---|---|
| | **From (Minimum)** | **To (Maximum)** |
| **Asset groups** | | |
| Machines and equipment | 3 | 5 |
| Other fixed assets | 2 | 3 |

The Company does not revalue its fixed assets (cl. 15 AR 6/01, P. 43 of Fixed Asset Accounting Guidelines).

The actual costs of minor and major repairs of fixed assets are recognized as production and distribution-related expenses of the period in which they are incurred, except for costs of regular repairs made as required by the process.

The value of a fixed asset being retired or incapable of delivering economic benefits (income) at a later time shall be taken off the books.

A fixed asset or other non-current asset (other than financial investments) that is no longer in use because it has been decided to sell it and there is proof that the asset is not expected to re-enter service for purposes of accounting and reporting is deemed to be a Long-Term Asset for Sale and recognized pursuant to the rules laid down in AR 16/02, “Winding-up Disclosure”.

The income and expenses due to the retirement and sale of fixed assets are recognized in the profit and loss statement as part of other income and expenses on a net basis.

The equipment to be installed are recognized in the accounts as other non-current assets.

**3.4. Intangible assets accounting**

Intangible assets are entered into the books at the actual (original) cost assessed as at the date of their entry in the books:

- those acquired for a consideration, at the sum of the actual costs of acquisition plus the costs of making them serviceable as intended, net of value-added tax and other recoverable taxes (except as otherwise provided by the RF legislation);
- those created by the Company itself, at the sum of the actual costs of creation;
- those received under a donation agreement (free of charge), at the fair market price as of the date of entry in the books;
- those received under contracts providing for the performance of obligations (payment) other than in money, at the price of the goods (assets) transferred or to be transferred by the Company.

The useful life is determined when the asset is entered in the books based on:

- the term of the Company’s rights to the intellectual property or brand identity (including, the term of a patent, certificate, licensing (copyright) contract for the exclusive rights transferred);
- the asset’s expected life during which the Company anticipates economic benefits, as determined by the competent subdivision.

An accounting unit for intangible assets is an inventory item.

Intangible assets are depreciated using the straight-line method, based on the original cost of the intangible assets and the rate of depreciation charged based on their useful life.

Depreciation is charged until the asset is fully depreciated or written off.

No revaluation is made of intangible assets.

### 3.5. Accounting for inventory and supplies (I&S)

Inventory is assets being consumed or sold as part of the normal operating cycle, or used within a period of up to 12 months.

Inventory includes, without limitation:

- feedstock, materials, fuel, spare parts, component parts and third-party semi-finished products;
- tools, utensils, special-purpose clothing and special gear, receptacles and other similar items;
- finished products, goods, incl. those delivered to others in connection with sales until the recognition of proceeds from the sale thereof;
- work-in-progress;
- real properties, acquired or (being) built for sale in the course of normal business;
- intellectual properties, acquired or (being) developed for sale in the course of normal business.

An accounting unit of inventory is a stock number.

Inventory is recognized in the accounts at cost, as measured pursuant to FAS [Federal Accounting Standard] 5/2019, “Inventory”.

The amounts paid and (or) payable by an organization when acquiring (creating) stocks are included in the actual cost of the inventory inclusive of all discounts, trade-off, deductions, bonuses and rebates granted to the organization, however granted.

Administrative expenses and storage costs are not included in the cost of inventory to be acquired (developed), incl. in the actual cost of work-in-progress and finished products.

Accounting for inventory released for manufacture (sale, other decrease) uses the average cost method.

The inventory stocks are valued as at the reporting date at the lower of the following amounts:

- the actual cost of stocks, or;
- the net proceeds from the sale of stocks.

The net proceeds from the sale of stocks is determined by the organization as the expected price at which the organization can sell stocks in the condition in which it usually sells them in the course of normal business, net of anticipated expenses needed for the manufacture, pre-sale preparation and sale thereof.

### 3.6. Cash and cash equivalents accounting and recognition of cash flows in the cash flow statement

Cash equivalents include highly liquid financial investments with a maturity of less than three months that can be readily converted into a pre-determined amount of money and that carry a negligible risk of change in value and are recognized under the heading “Cash and cash equivalents” of the balance sheet.

The forex cash flow figures are converted in the cash flow statement at the official exchange rate between the foreign currency and the rouble as set by the Central Bank of the Russian Federation for the date of the outgoing or incoming payment.

The difference resulting from the conversion of cash flows and balances of cash and cash equivalents denominated in foreign currency at the exchange rates for the dates of foreign exchange transactions and as at the reporting dates are disclosed in the report under the heading “Magnitude of effect of changes in the foreign currency exchange rate to the rouble”.

The cash flow statement summarizes:

- incomings and outgoings resulting from currency exchange transactions;
- the amounts of indirect taxes as part of receipts from buyers and customers and payments to suppliers and contractors;
- other payments pertaining not so much to the operations of organizations as to those of its counterparties.

**3.7. Income accounting**

The Company’s income is classified based on its nature, provenance and business line into:

(a) income from core activities;

(б) other income.

Proceeds are recognized in the accounts if the following conditions are met:

- the Company is entitled to receive these proceeds under a specific contract or as otherwise documented;
- the amount of the proceeds can be determined;
- there is certainty that a given transaction will increase the economic benefits. It is certain that a specific transaction will increase the organization’s economic benefits where the Company will receive an asset in the future as payment or there is no uncertainty as to the receipt of the asset;
- the right of ownership (possession, use and disposal) of products (goods) has passed from the Company to the buyer or the work has been accepted by the customer (service rendered);
- the expenses that have been or will be incurred in connection with this transaction can be determined.

**3.8. Expense accounting**

Normal business expenses comprise:

- the acquisition costs of the materials, works and services consumed in the course of creating the end product to be delivered to consumers;
- the costs of employee remuneration and the associated amounts of social insurance charges.

Sales, general and administrative costs are recognized in the cost of goods and services sold in the reporting year in which they are recognized as normal business expenses.

Not included among the Company’s expenses is the decrease in assets by way of prepayment for inventory and supplies and other valuables, works, services and property rights.

Other expenses include:

- stamp duty;
- property tax;
- fines, penalties and liquidated damages for a breach of contract;
- damages payable by the organization;
- past losses recognised in the reporting year;
- the amounts of accounts receivable past the limitation period, other debts unlikely to be collected;
- exchange differences;
- the amount of asset write-down;
- other similar expenses.

**3.9. Loan and credit cost accounting**

- interest on the amount of loan (credit) payable to the lender (creditor) in the amount and on the terms set forth in the loan (credit) contracts);
- additional costs of loans.

Additional costs of loans are:

- the amounts paid for information and advice;
- amounts paid for expert review of loan contract (credit agreement);
- other expenses directly related to borrowings (lines of credit).

The additional expenses directly related to borrowings (lines of credit) are recognized as other expenses evenly over the term of loan (line of credit).

Interest payable to the lender (creditor) and directly related to the acquisition, construction and (or) manufacture of an investment asset is included in the cost of this investment on a straight-line basis regardless of the terms of payment therefor under the loan (credit) contracts.

**3.10. Accounting for valuation reserves and estimated liabilities**

Valuation reserves. The accounts show the following types of valuation reserves being accrued:

(i) doubtful debt reserve

(ii) inventory impairment reserve;

The following procedure is in place for setting up reserves:

The Doubtful Debt Reserve is set up for the following liabilities:

- doubtful debts of buyers and customers for products, commodities, works, and services;
- other doubtful debtors.

A doubtful debt in this context is deemed to be the Company's receivables that are not paid within the time limits set in the contract and are not secured with adequate guarantees.

The reserve is created quarterly based on an inventory of receivables from buyers and customers for products, commodities, works and services for each doubtful debt as follows:

- doubtful debts overdue for more than 90 days are included in the reserve in the full amount owed;
- doubtful debts overdue for 60 to 90 days (inclusive) are included in the reserve at the rate of 50% of the amount owed;
- for doubtful debts overdue for less than 60 days (inclusive), no reserve is made.

The provisioning rates specified above are determined based on the history of collection of accounts receivable over the last 3 calendar years and shall be reviewed as at the end of each reporting period.

The Impairment Reserve is set up in the amount by which the actual cost of stocks exceeds the net proceeds from the sale thereof.

The inventory impairment loss shall be recognized as expense in the period in which the reserve for the impairment thereof is set up (increased). The inventory impairment reserve replenishment amount is classified as a reduction in the amount of the expenses recognized in the same period in which the proceeds from the sales of the inventory is recognized;

Estimated liabilities. The accounts and reports recognize the following types of estimated liabilities:

- for payment for unused leave time

**3.11. Deferred expense accounting**

Accounting for deferred expenses is made using account 97, "Deferred expenses", based on the costs actually incurred. Write-off of deferred expenses is made monthly to the debit side of the expense accounts within the time limit specified in the relevant documents (licences, contracts etc.). Where the documents give no indication of a time limit, it is determined by a panel appointed by the Company's general director or directly by order of the general director.

Deferred expenses include:

- licensing fees for intellectual properties or brand identities paid on a one-off lump sum basis;
- costs incurred in connection with reworking of an intangible asset entered in the books in a prior period.

Deferred expenses are written off:

evenly, based on the useful life of the assets involved

Deferred expenses are recognized in the balance sheet as part of other current assets and other non-current assets based on the expected useful life at the time of acquisition of the asset.

### 3.12. Accounting for other non-current assets

Other non-current assets are entered in the books based on the costs actually incurred in acquiring them. Write-off of other non-current assets is made monthly to the debit side of the expense accounts within the time limit specified in the relevant documents (licences, contracts etc.). Where the documents give no indication of a time limit, it is determined by a panel appointed by the Company's general director.

Other non-current assets are recognized in the balance sheet based on the expected useful life at the time when the asset is acquired.

### 3.13. Profits tax assessment accounting

The Company's profits tax liabilities are included under the heading "Accounts payable" of the balance sheet. The Company's profits tax assets are included under the heading "Accounts receivable" of the balance sheet.

Pursuant to AR 18/02, "Profits tax accounting", the accounts and reports recognize the deferred profits tax (deferred tax assets and deferred tax liabilities), i.e. the amounts capable of affecting the magnitude of the current profits tax in the subsequent reporting periods.

The amount of the current profits tax is determined based on accounting records. This being the case, the amount of the current profits tax corresponds to the amount of the profits tax assessed, as reflected in the profits tax return for the reporting period. The amounts of deferred tax asset and deferred tax liability are recognized in the balance sheet itemized as part of non-current assets (line 1180, "Deferred tax assets") and of long-term liabilities (line 1420, "Deferred tax liabilities") of the balance sheet respectively.

## 4. Classification changes, accounting policy changes and error correction

### 4.1. Correction of bookkeeping and accounting errors

The materiality of an error is determined based on both the magnitude and the nature of relevant item(s) of the accounts. An error is deemed to be material if a group of items of financial statements changes by more than 5% when the relevant item of financial statements is corrected, or where it alone or in aggregate with other errors for one and the same reporting period can affect the business decisions of users taken by them based on the financial statements produced for this reporting period.

### 4.2. Adjustment of comparative indicators

The reporting year saw no adjustments to the comparative indicators.

### 4.3. Change of the accounting policy due to legislative amendments

The Company uses the alternative adoption of FAS 25/2018, "Lease accounting", pursuant to cl. 50 of the standard, the alternative adoption of FAS 6/2020, "Fixed assets", pursuant to cl. 49 of the standard, and the deferred adoption of FAS 26/2020, "Investments", as of 1 January 2022. No adjustments were made to the comparative indicators for the prior periods.

There was no effect on the retained profits due to the adoption of FAS 25/2018, "Lease accounting", and no effect on the retained profits due to the adoption of FAS 6/2020, "Fixed assets", there being no assets to revalue or reclassify.

The Company is not an early adopter of:

- FAS 14/2022, "Intangible assets".

No other changes were made to the accounting policy.

### 4.4. Correction of prior errors

No correction of errors was made (none was discovered).

## 5. Intangible assets

There are no intangible assets owned.

## 6. Fixed assets

No fixed assets are owned or rented on a long-term basis.

The Company rents an office space under a lease contract; however, due to the fact that the rent for the space is not specified in the contract and the lease contract is short-term, the Company does not list the space as part of its fixed assets.

**7. Inventory**

The Company had no inventory in stock as at 31 December 2022, 2021 and 2020.

As at 31 December 2022, 2021 and 2020, the Company had no inventory or supplies that were en route or pledged.

**8. Accounts receivable**

Accounts receivable as at 31 December 2021, 2020 and 2021 are as follows

(In thousand rubles)

| | 31 December | | |
|---|---|---|---|
| | **2022** | **2021** | **2020** |
| **Accounts receivable** | | | |
| Buyers and customers | - | - | - |
| Prepaid expenses | 566 | 389 | - |
| Assessment of taxes and levies | 53 | - | - |
| **Total** | **619** | **389** | |

Absent doubtful accounts receivable, no bad debt provision was accrued.

As at 31 December 2022 and 2021, the Company had no refund liability for prior advances paid due to non-compliance with contractual terms.

**9. Cash and cash equivalents**

Cash and cash equivalents as at 31 December 2022, 2021 and 2020 are as follows:

(In thousand rubles)

| | 31 December | | |
|---|---|---|---|
| | **2022** | **2021** | **2020** |
| **Cash and cash equivalents** | | | |
| Current bank accounts | 107 | 149- | -- |
| **Total** | **107** | **149** | **-** |

As at 31 December 2022, 2021 and 2020, and in prior reporting periods, no non-liquid funds were included in the cash assets.

**10. Other current assets**

There were no other current assets as at 31 December 2022, 2021 and 2020.

**11. Registered Capital**

The Company's registered capital as at 31 December 2022, 2021 and 2020 is as follows:

(In thousand rubles)

| | 31 December | | |
|---|---|---|---|
| **Category** | **2022** | **2021** | **2020** |
| Registered capital | 1000,0 | 1000,0 | 1,000- |
| **Total** | **1000,0** | **1000,0** | **1,000** |

The list of incorporators as at 31 December 2022, 2021 and 2020 is as follows:

(In thousand rubles)

| | % ownership | | |
|---|---|---|---|
| | **99** | **99** | **99** |
| A. Tech Mahindra limited (India) | 1 | 1 | 1- |
| B. Suluguri Raji Reddy | 100 | 100 | |
| **Total** | **1000,0** | **1000,0** | **100** |

As at 31 December 2022, 2021 and 2020 the ultimate beneficiary is TECH MAHINDRA LIMITED (India).

**12. Borrowings**

The Company did not raise capital in 2022.

**13. Accounts payable**

The accounts payable as at 31 December 2022, 2021 and 2020 are as follows:

(In thousand rubles)

| | 31 December | | |
|---|---|---|---|
| | **2022** | **2021** | **2020** |
| **Accounts payable** | | | - |
| Suppliers and contractors | 281 | 290 | - |
| Overdue liability under other transactions | 2,885 | - | - |
| Wage arrears | 517 | 517 | - |
| Tax and levy liabilities | 9 | 167 | - |
| **Total** | **3,692** | **974** | **-** |

As at 31 December 2022, 2021 and 2020, the Company had no refund liability for prior advances received due to non-compliance with contractual terms.

**14. Estimated liabilities**

The movement of estimated liabilities for 2022 and 2021 is as follows:

(See clause 7 of the Notes to the balance sheet and income statement)

(In Thousand Rubles)

| | **To pay for unused vacations** | **Total** |
|---|---|---|
| **Balance as at 31 December 2020** | - | - |
| Increase in reserves | 69 | 69 |
| Reserve use | - | - |
| **Balance as at 31 December 2021** | 69 | 69 |
| Reserve increase | 63 | 69 |
| Reserve use | 27 | - |
| **Balance as at 31 December 2022** | **105** | **69** |

The Company has no estimated liabilities with a maturity of over 12 months.

**15. Contingent liabilities**

As at the signature date of the accounts (financial statements), the Company had no contingent liabilities.

**16. Contingent assets**

As of the date of signing the accounting (financial) statements, there were no contingent assets in the Company.

**17. Revenues**

There was no revenue for 2022 and 2021 because active business operations had not yet started

**18. Cost of sales, selling expenses, administrative expenses**

The sales costs by cost element for 2022 and 2021 year are as follows:

(see cl. 6 of the Notes on the Balance Sheet and the Statement of Financial Results)

(In Thousand Rubles)

| | **2022** | **2021** |
|---|---|---|
| **Administrative costs** | | - |
| Wages | 532 | 552 |
| Social security contributions | 161 | 167 |
| Office space rent | 97 | 106 |
| Accounting services | 1,201 | 247 |
| Future liability reserves | 63 | 69 |
| **Total** | **2,054** | **1,141** |

**19. Other income**

Other income for 2022 and 2021 is as follows:

(In Thousand Rubles)

| | **2022** | **2021** |
|---|---|---|
| **Other income** | 262 | 14 |
| Exchange rate differences | | - |
| **Total** | **14** | **14** |

**20. Other expenses**

Other expenses for 2022 and 2021 are as follows:

(In Thousand Rubles)

| | **2022** | **2021** |
|---|---|---|
| **Other expenses** | | |
| Penalties | 21 | - |
| Exchange differences | 159 | 8 |
| Banking costs | 387 | 263 |
| Compensation for off-schedule payment of wages | - | 37 |
| **Total** | **567** | **308** |

**21. Related parties**

The related parties of TECH MAHINDRA TECHNOLOGY SERVICES LLC are the Company's members (incorporators), as well as the key executives of the Company and related parties.

The key executives as at 31 December 2022:

SSergey Petrovich Litvinov General Director

The key executives as at 31 December 2021:

Sergey Petrovich Litvinov. General Director

The total amount of remuneration paid to the top management for 2022 and 2021 was 532 thou. rbl. and 552 thou. rbl. respectively.

**Related-party transactions**

There were no related-party transactions in 2022 and 2021, other than the fulfilment by Incorporators of the duty to pay the registered capital into the Company's transactional account.

**22. Currency exchange rates and differences**

Rates of the Central Bank of the Russian Federation, effective on the date of preparation of financial statements:

| Currency | December 31, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| US Dollar | 70.3375 | 74.2926 | 73.8757 |
| Euro | 75.6553 | 84.0695 | 90.6824 |
| Pound Sterling | 84.7919 | 100.0573 | 100.0425 |

**23. Guarantees and sureties provided**

As at 31 December 2022, the Company had provided no guarantee or surety and set up no contingency reserve.

**24. Insurance**

The Company acquired no insurance services and made no contract with insurance companies.

**25. Litigation**

In the course of normal business, the Company can be involved in a number of litigations. According to the Company's Management, there are currently no litigations, lawsuits against the Company or judgments entered that could have a material adverse effect on the Company's financial situation.

**26 Operating environment and financial exposure**

**26.1.Operating environment**

The economy of the Russian Federation exhibits certain characteristics typical of developing markets. It is particularly susceptible to fluctuations in oil and gas prices. The tax, currency and customs legislation of the Russian Federation continues developing and is open to interpretation.

The rising political tensions in the region in 2022 and the international sanctions against certain Russian entities and individuals are depressing the Russian economy and causing financial destabilization. Such adverse consequences include the following factors:

- high currency volatility;
- downgrading of Russia's credit ratings. The forecast of all agencies is negative, which means the likelihood of further deterioration of the situation and the downgrading of Russia's rating below the investment grade;
- cyberattacks and substandard performance of information systems and sources of economic information;
- high volatility of the national stock market;
- increase in the key rate of the Bank of Russia up to 20%, followed by a stepwise reduction to 7.5%.

The above factors contributed to an economic decline in the country, with the gross domestic product declining as a result. The Ministry for Economic Development of Russia expects the Russian economy to shrink in 2022 and 2023 by 2.9% and 0.8% respectively and then to grow by 2.5% in 2024-2025.

The financial markets are still volatile, with frequent and significant price fluctuations and increasing trading spreads. The rating of the Russian Federation was downgraded to below investment grade. This economic environment has a significant effect on the Group's operations and financial position. The management is taking the measures necessary to ensure that the Group remains stable. Nevertheless, it is difficult to anticipate the future consequences of the current economic situation, and the management's current expectations and evaluations can differ from the actual results.

The Company's operations are to a greater or lesser degree exposed to a variety of risks (financial, market, legal, country- and region-specific, reputational, etc.). The notes disclose information about the Company's exposure to risks and the causes thereof, risk management mechanisms, as well as changes on the previous period.

Covid-19 disclosure

On 11 March 2020, the World Health Organisation (WHO) declared that the outbreak of the new coronavirus infection was a pandemic. The pandemic affected the global economy. The response action taken by the governments of many countries worldwide to curb the pandemic has led to major failures in the operating cycles of many companies and has had a significant impact on their business operations in various sectors of the economy, including consequences such as business interruptions, non-deliveries, staff placed under quarantine or on telework, slowing demand and financing problems.

The Company's management continues to closely monitor the Covid-19 spread, taking action to minimize the risks for the staff and the business as a whole. There is currently no certainty in the assessment of Covid-19 impact in the medium and long term.

**26.2 Financial risks**

**The financial exposure involves market, credit and liquidity risks**

Market risk is the risk that the Company can face adverse consequences in the event of a change in certain market parameters. Market parameters comprise the following risks: the risk of a change in the interest rate, the risk of a change in the foreign exchange rates, the risk of a change in the prices for goods and price indices and other price risks, such as the risk of a change in the prices for equity instruments.

**Risk of interest rate change**

The Company's assets and liabilities are not dependent on the interest rate. Therefore, the management believes that the Company is not exposed to the risk of a change in the interest rate in respect of its assets and liabilities.

**Currency risk**

Currency risk is the risk that the Company can face adverse consequence in the event of changes in the rates of exchange. Foreign currency exposure is primarily due to business operations (when earnings or expenses are denominated in foreign exchange).

The Company acquires services in Russian roubles, so currency risks are deemed to be minor.

**Default risk**

Default risk is the risk that the Company will incur financial losses due to its counterparties failing to perform their obligations under the loans granted to them (including in the form of a grace period and payment by instalments for goods sold, work completed or services rendered).

The Company is not exposed to any default risk in the context of its operations. First of all, in respect of trade receivables.

The management of default risk related to customers is provided in keeping with the policy, procedures and monitoring system put in place by the Company for managing its default exposure on customers. Regular monitoring is conducted of outstanding receivables due from customers. A review of accounts receivable showed that the Company's exposure to this risk is not significant.

**Liquidity risk**

The liquidity risk is associated with the Company's ability to meet timely and in full its liabilities existing as at the reporting date: payables to suppliers and contractors, debt to lenders under the credit facilities and loans received, etc. The Company performs the management of the liquidity risk by choosing the optimal gearing as per the management's policies. Given that some of the Company's accounts payable are payables for services received from related parties, the Company is in a position to negotiate debt restructuring arrangements as necessary. Also, the Company believes that it has adequate access to financing sources (primarily, within the corporate group), as well as having both tapped and available credit facilities, which will make it possible to meet the anticipated need for loan capital.

**27. Legal risks**

Legal risks are the risk of losses as a result of failure by companies to comply with the requirements of regulations and the contracts in place, the legal errors committed in operations and the imperfections of the legal system.

The management of legal risks aims to reduce (eliminate) possible losses.

In an attempt to keep the legal risk at an acceptable level, the Company is implementing the following measures:

- monitoring of the legislative and regulatory framework of the Russian Federation and assessment of the need for changes in the Company's internal regulatory framework;
- monitoring of the Company's bylaws to ensure they are in place, complete and compliant with the RF statutory and regulatory framework;

- notification to the Company's staff of changes in the Russian Federation legislation and in the Company's bylaws;
- standardization of processes and transactions (policies/procedures for operations and transactions and for contracting) by developing and enacting bylaws and model forms;
- enforcement of the internal procedure in place for the Company's staff to obtain approvals for the contracts and transactions to be made;
- systematic review of indicators characterizing legal risks;
- implementation of performance controls for the management of legal risks;
- the legal function provides monitoring of the legislation on an ongoing basis, notification to the Company's staff of change in the legal provisions and regulations pertaining to legal risk.

**27.1 Risks inherent in new control rules for transfer pricing**

The transfer pricing legislation makes it possible for the tax authorities to apply adjustments to transfer prices and assess additional profits tax liabilities in respect of all controlled transactions if the transaction price differs from the fair market price. The list of controlled transactions includes related-party transactions and certain types of foreign transactions.

For intra-group transactions, the transfer pricing rules apply where the sum total of all transactions involving each related party separately exceeds:

- 1,000,000 thou. rbl. for transactions in the domestic market in 2022 and 2021 if the parties use different profits tax rates and different tax regimes, use VAT and/or profits tax exemptions, and investment tax credit;
- 60,000 thou. rbl. for international transactions in 2022 and 2021

Where internal transactions cause additional tax liabilities to be assessed for a party, the other party can adjust its profits tax liabilities accordingly using a return form issued by the competent authority in the prescribed manner.

These rules apply not only to transactions that took place in 2022, but also to the related-party transactions for the previous years if the relevant income and expenditure were recognized in 2022.

The Company is not subject to the new transfer pricing rules in 2022.

**27.2 Risks related to a change in forex regulation**

Domestic market: Risks of changes in the forex regulation are currently rated by the Company as negligible. Because of the implementation of the policy of liberalization of forex regulation, the risks related to a change in foreign exchange laws are being reduced.

External market: legal risks related to a change in forex regulation on the foreign market can affect the Company's business in the context of its operations on the external market. The Company conducts ongoing monitoring of changes in the regulatory framework for forex control and monitoring and fully complies with the provisions of foreign exchange laws.

Thus, the Company finds the risk of a change in the foreign exchange regulation to be minor and does not believe that a possible change in the foreign exchange control rules can materially affect the Company's operations.

27.3 Risks related to a change in tax legislation

The recent developments in the Russian Federation suggest that the tax authorities can take a harder line in interpreting the tax legislation and tax assessments. As a result, the tax authorities can lodge claims over the transactions and accounting methods that they left alone before. This can result in high extra tax assessments, late charges and fines. Tax audits can cover three calendar years of operations immediately preceding the year audited. Under certain conditions, the audit can also extend to earlier periods.

The Company's management believes that the Company is fully compliant with the tax legislation governing its operations, which, however, does not preclude potential differences of opinions with the competent regulatory authorities on matters open to interpretation.

The realization of this risk, that is a change in the taxation rules in the Russian Federation, can increase the tax burden on the Company and reduce the Company's net profit.

In order to limit the possible negative effects of this risk on its operations, the Company puts in place measures such as continuous monitoring of changes in the tax legislation.

In the event that changes are made to the taxation arrangements in place, the Company intends to plan its financial and operating activities with due regard to these changes.

The likelihood of this risk is rated as medium; the Company's losses from this risk are rated as low.

Thus, the Company assessed the risk of a change in the tax legislation as minor and does not find that a possible change in the taxation rules can materially affect the Company's operations.

**27.4 Risks of a change in the case law on aspects of the Company's operations**

The realization of this risk, that is a change in the case law, can result in adverse consequences in the form of penalties imposed on the Company.

In order to limit the possible negative effects of this risk on its operations, the Company puts in place measures such as continuous monitoring of changes in the case law on the aspects of the Company's operations.

In the event that changes are made to the case law on aspects of the Company's operations, the Company intends to plan its financial and operating activities with due regard to these changes.

The likelihood of this risk is rated as low; the Company's losses from this risk are rated as low.

Thus, the Company finds that the risk of a change in the case law is minor and does not believe that possible judgments rendered by a court of law with an adverse impact on the Company can materially affect the Company's operations.

**28 Country- and region-specific risks**

Country- and region-specific risks and [...] are connected to the political and economic situation, geographical features of the country (countries) and the region (regions) where the organization conducts its usual activities and (or) is registered as a taxpayer.

The stability of the Russian economy depends to a large extent on the progress of economic reforms, the development of the legal, tax and administrative infrastructure, as well as on the effectiveness of the measures being taken by the Government of the Russian Federation as part of its economic, financial and monetary policies.

Despite the stabilization measures being taken by the Government of the Russian Federation with a view to ensuring liquidity and refinancing of foreign loans of Russian banks and companies, there is still uncertainty over access to sources of capital, as well as the cost of capital for the Company and its counterparties, which can affect the financial situation, operational results and economic prospects of the Company. Volatility in the capital markets can result in a material deterioration of liquidity in the banking sector and credit tightening in Russia.

By and large, the Company is hardly in a position to materially affect the economic situation in this country. However, in the event of a negative turn of events in the Russian Federation or its region where the Company operates, the Company will take all measures to reduce the adverse effects on the Company's financial situation and financial result.

**29 Reputational risks**

Reputational risk is connected to a reduction in the numbers of the organization's customers (clients) as a result of a negative perception of the quality of its products, works and services, compliance with the delivery time for products, performance of work/services, involvement in price collusion, etc.

The Company's management believes that there are currently no factors likely to cause a dramatic reduction in the numbers of its buyers (customers) as a result of a negative image of the quality of the Company's products (works, services), compliance with the schedules for the completion of works (services), as well as the Company's involvement in any price collusion. Accordingly, reputational risks are rated by the Company as negligible.

**30 Post-reporting events**

**Acquisition of a subsidiary's stock**

The Company acquired no shares in its subsidiaries.

**Change in laws**

There were no legislative changes affecting the Company's operationals and financials.

**Change in the registered capital**

No changes were made in the registered capital.

**Change of management**

There was no change of management.

General Director — S. P. Litvinov

TECH MAHINDRA TECHNOLOGY SERVICES LLC

22 March 2023

# TECH MAHINDRA (SWITZERLAND) SA

**Board of Directors**
Mr. Vivek Satish Agarwal
Mr. Alexander Dembitz

**Registered office**
Chemin du Chateau-Bloch 11, 1219 Le Lignon
Geneva, Switzerland

**Bankers**
UBS, Switzerland
HSBC Bank

**Auditors**
KPMG LLP

# REPORT OF THE STATUTORY AUDITOR ON THE LIMITED STATUTORY EXAMINATION TO THE GENERAL MEETING OF SHAREHOLDERS OF TECH MAHINDRA (SWITZERLAND) SA, VERNIER

As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of TECH MAHINDRA (SWITZERLAND) SA for the year ended 31 March 2023.

These financial statements are the responsibility of the board of directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence re- quirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circum- stances.

However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the company's articles of incorporation.

**KPMG SA**

| | |
|---|---|
| Beat Nyffenegger | Pleurat Tafa |
| Licensed Audit Expert | Licensed Audit Expert |
| Auditor in Charge | |

Geneva, 19 June 2023

Enclosure(s):

- Financial statements (balance sheet, income statement and notes)

# BALANCE SHEET AS OF MARCH 31,

| | Notes | 2023 | 2022 |
|---|---|---|---|
| | | **CHF** | CHF |
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalent Trade accounts receivables | 4.3 | **6,108,862** | 2,253,020 |
| - from third parties | | **1,372,047** | 4,347,338 |
| - from shareholder | | **172,915** | 146,645 |
| - from sister companies | | **93,167** | 1,054,984 |
| Other short-term receivables | | | |
| - from third prties | | **176,130** | 148,838 |
| Work in Progress | | **2,393,353** | 4,398,083 |
| Prepaid expenses and accrued income | | **19,774** | 40,985 |
| **Total Current assets** | | **10,336,251** | 12,389,893 |
| **Non-current assets** | | | |
| Guarantee deposits | | **85,667** | 86,905 |
| Investments | 3.5 | **100,000** | - |
| Other non-current receivable | | | 23,637 |
| **Total Non-current assets** | | **185,667** | 110,542 |
| **Total Assets** | | **10,521,918** | 12,500,435 |

For **TECH MAHINDRA (SWITZERLAND) SA**

**Alexandar Dembitz**
Director
(Swtizerland, June 19,2023)

**Vivek Satish Agarwal**
Director
(Bengluru, June 19,2023)

# BALANCE SHEET AS OF MARCH 31,

| | Notes | **2023** | 2022 |
|---|---|---|---|
| | | **CHF** | CHF |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| **Short-term liabilities** | | | |
| Trade accounts payable | | | |
| - to third parties | | **447,787** | 976,615 |
| - to shareholder | | **7,462** | 6,584 |
| - to sister companies | | **51,991** | 2,193,807 |
| Short-term interest-bearing liabilities | | | |
| - to sister companies | | **-** | 4,032,268 |
| - to third parties | | **83,403** | - |
| Other short-term liabilities | | | |
| - to third parties | | **38,551** | 155,759 |
| - to sister companies | | **25,263** | |
| Accrued expenses and deferred income | | **350,548** | 915,140 |
| **Total Short-term liabilities** | | **1,005,005** | 8,280,173 |
| Long-term liabilities | | | |
| Long-term liabilities from third parties | 3.4 | **333,197** | 500,000 |
| Long-term provisions | | **81,162** | 48,874 |
| **Total Long-term liabilities** | | **414,359** | 548,874 |
| **Total Liabilities** | | **1,419,364** | 8,829,047 |
| | | | |
| **Shareholders' equity** | | | |
| Share capital | **3.1** | **1,800,000** | 1,800,000 |
| Legal capital reserves | | | |
| - Other capital reserves | | **730,000** | 730,000 |
| Legal retained earnings | | | |
| - General legal retained earnings | | **144,589** | 144,589 |
| Accumulated profit | | | |
| - Accumulated profit | | **991,055** | 1,189,199 |
| - Profit / (Loss) for the year | | **5,436,909** | -192,400 |
| **Total Shareholders' equity** | | **9,102,553** | 3,671,388 |
| **Total Liabilities and Shareholders' equity** | | **10,521,918** | 12,500,435 |

For **TECH MAHINDRA (SWITZERLAND) SA**

**Alexandar Dembitz**
Director
(Swtizerland, June 19,2023)

**Vivek Satish Agarwal**
Director
(Bengluru, June 19,2023)

# INCOME STATEMENT

| | Notes | 2023 | 2022 |
|---|---|---|---|
| | | **CHF** | CHF |
| Services | | **13,390,574** | 6,902,303 |
| Intercompany services | | **1,526,646** | 1,757,176 |
| Change in work in progress | | **(2,004,730)** | 1,150,114 |
| **Total operating income** | | **12,912,490** | 9,809,593 |
| Subcontracting expenses | | **(5,466,118)** | (6,960,116) |
| Salaries and social charges | | **(1,988,074)** | (1,904,445) |
| Other operating expenses | | **(295,978)** | (1,009,883) |
| Depreciation on non-current assets | | | (1,617) |
| **Total operating expenses** | | **(7,750,169)** | (9,876,061) |
| **Operating result** | | **5,162,321** | (66,468) |
| Financial Expenses | | **(31,017)** | (12,271) |
| Exchange gain / (loss) | | **164,658** | (67,430) |
| Non-operating income and/or prior year income | | **201,097** | 104,600 |
| Non-operating expenses and/or prior year expenses | | **-** | (143,499) |
| **Profit / (Loss) for the year before taxes** | | **5,497,057** | -185,068 |
| Direct taxes | | **(60,148)** | (7,332) |
| **Profit / (Loss) for the year** | | **5,436,909** | -192,400 |

For **TECH MAHINDRA (SWITZERLAND) SA**

**Alexandar Dembitz**
Director
(Swtizerland, June 19,2023)

**Vivek Satish Agarwal**
Director
(Bengluru, June 19,2023)

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

**1 General**

The Company was incorporated on November 2, 2001.

The principal activity of the Company is to provide banking consultancy services to banks and financial institutions in order to assist them in the implementation of solutions.

The Company's headquarter is in Vernier (Geneva - Switzerland).

**2. Summary of significant accounting policies**

**2.1 General aspects**

These financial statements were prepared according to the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

**2.2 Revenue recognition**

Services include revenue earned from services rendered on time and material basis, time bound fixed price engagements and system integration projects.

Revenue is recognised over the period of the contract in accordance with its term.

**2.3 Tangible and intangible fixed assets**

Fixed assets are stated at cost and are depreciated using the linear method on their estimated useful lives. Depreciation durations are the following:

| | |
|---|---|
| Office equipment | 5 years |
| Hardware | 3 years |
| Software | 3 years |
| Development cost | 5 years |

**2.4 Payables**

Trade payables and other current liabilities are carried at their nominal value.

**2.5 Comparative figures**

Certain comparative figures have been reclassified in order to conform to the current year presentation.

For **TECH MAHINDRA (SWITZERLAND) SA**

**Alexandar Dembitz**
Director
(Swtizerland, June 19,2023)

**Vivek Satish Agarwal**
Director
(Bengluru, June 19,2023)

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

**3. Disclosure on balance sheet and income statement items**

**3.1 Share capital**

The share capital includes 1,800 registered shares of CHF 1,000, fully paid-in (2022 : 1,800 registered Shares of CHF 1,000, fully paid).

**3.2 Non-operating income and/or prior year income**

| | 2023 | 2022 |
|---|---|---|
| | **CHF** | CHF |
| Other | **201,097** | 104,600 |
| **Total** | **201,097** | 104,600 |

**3.3 Non-operating expenses and/or prior year expenses**

| | 2023 | 2022 |
|---|---|---|
| | **CHF** | CHF |
| Write-off of receivables | **-** | (143,499) |
| **Total** | **-** | (143,499) |

**3.4 Long-term liabilities from third parties**

The Company has obtained and used in 2020 a credit facility granted by the Swiss Government, i.e, a zero interest bearing COVID-19 credit amounting to CHF 500,000.

**3.5 Investments**

The Company holds 100% of Tech Mahindra Global Chess League AG located in the Municipality of Opfikon in Switzerland.

For **TECH MAHINDRA (SWITZERLAND) SA**

**Alexandar Dembitz**
Director
(Swtizerland, June 19,2023)

**Vivek Satish Agarwal**
Director
(Bengluru, June 19,2023)

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

**4. Other information**

**4.1 Pension scheme liabilities**

On March 31, 2023, there was no liability to the pension scheme (31.03.2022: nil).

**4.2 Full-time equivalents**

The annual average number of full-time equivalents for the reporting year, as well as the previous year, did not exceed 250.

**4.3 Assets pledged as guarantee for commitments of the company**

Bank current accounts for an amount of CHF 2,256,580 are pledged in favour of the banks (31.03.2022 : CHF 1,505,065). Those pledges relate to performance guarantees (note 4.4)

**4.4 Contingent liabilities**

At year-end, the Company has provided performance guarantees for CHF 1,977,185 (31.03.2022 : CHF 1,284,144) in favour of clients.

**4.5 Residual amount of leasing obligations**

The maturity of leasing obligations which have a residual maturity of more than twelve months or which cannot be cancelled within the next twelve months is CHF 192,752 (31.03.2022 : CHF 273,796).

**4.6 Significant events after the balance sheet date**

There are no significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed here.

For **TECH MAHINDRA (SWITZERLAND) SA**

**Alexandar Dembitz**
Director
(Swtizerland, June 19,2023)

**Vivek Satish Agarwal**
Director
(Bengluru, June 19,2023)

# PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

| | 2023 |
|---|---|
| | **CHF** |
| Accumulated profit | **991,055** |
| Profit for the year | **5,436,909** |
| Available earnings | **6,427,964** |
| The Board of Directors proposes to the General Meeting of Shareholders the following appropriation of available earnings: | |
| Transfer to the general legal retained earnings | **25,411** |
| To be carried forward | **6,402,553** |
| | **6,427,964** |

For **TECH MAHINDRA (SWITZERLAND) SA**

**Alexandar Dembitz**
Director
(Swtizerland, June 19,2023)

**Vivek Satish Agarwal**
Director
(Bengluru, June 19,2023)

# TECH MAHINDRA DE MEXICO, S. DE R. L. DE C. V.

**Unaudited Financial Statements for the year ended 31st December 2022.**

**Board of Directors**

Mr. Krishna Bala

Mr. Archit Asok

Mr. Rajasekhar Venkata Prabhakara Kosuri

**Registered Office**

Av. Eje 5 Note # Edificio F - Planta

Baja Colonia Santa Bárbara, C.P. 02230

Delegación Azcapotzalco Distrito Federal México

**Bankers**

Citi Bank

TECH MAHINDRA DE MÉXICO, S. DE R.L. DE C.V.

# STATEMENT OF FINANCIAL POSITION

**As of December 31, 2022 and 2021**

(Mexican pesos)

| | Note | 2022 | 2021 |
|---|---|---|---|
| **Assets** | | | |
| Current assets: | | | |
| Cash and cash equivalents | 4 | **$ 73,331,390** | 16,437,917 |
| Accounts receivable - net | 5 | **143,681,946** | 189,765,027 |
| Related parties | 10 | **85,445,696** | 178,668,652 |
| Prepayments | | **11,346,304** | 8,140,488 |
| Deposits in guarantee | | **435,541** | 435,541 |
| Other receivables | 6 | **6,483,560** | 2,238,387 |
| Total current assets | | **320,724,437** | 395,686,012 |
| Non-Current assets: | | | |
| Property and equipment – net | 7 | **35,451,976** | 43,033,444 |
| Right of use assets of leased properties | 8 | **38,734,250** | 23,205,815 |
| Deposits in guarantee | | **5,956,163** | 5,956,163 |
| Deferred income taxes | 12 | **13,168,589** | 16,913,331 |
| Income tax assets | | **21,352,020** | 2,397,745 |
| Total non-current assets | | **114,662,998** | 91,506,498 |
| | | **$ 435,387,435** | 487,192,510 |
| **Liabilities and partners' equity** | | | |
| Current liabilities: | | | |
| Related parties | 10 | **$ 139,601,721** | 205,394,706 |
| Accounts payable | | **4,566,957** | 11,241,081 |
| Accrued expenses and taxes | 9 | **25,197,856** | 67,991,509 |
| Short term employee benefits | 11 | **45,078,952** | 34,377,135 |
| Liability of leased properties | 8 | **27,647,924** | 13,178,330 |
| Total current liabilities | | **242,093,410** | 332,182,761 |
| Non -Current liabilities: | | | |
| Other employee benefits | 11 | **1,062,902** | 816,487 |
| Employee benefits | 11 | **35,075,783** | 22,893,373 |
| Liability of leased properties | 8 | **23,848,623** | 18,292,394 |
| Total non-current liabilities | | **59,987,308** | 42,002,254 |
| Total liabilities | | **302,080,718** | 374,185,015 |
| Partners' equity: | | | |
| Social parts | 13 | **12,934,771** | 12,934,771 |
| Retained earnings | | **120,371,946** | 100,072,724 |
| Total partners' equity | | **133,306,717** | 113,007,495 |
| Contingent liabilities | 17 | | |
| | | **$ 435,387,435** | 487,192,510 |

See accompanying notes to financial statements.

# STATEMENT OF OPERATIONS

**For the years ended December 31, 2022 and 2021**
(Mexican pesos)

| | Note | 2022 | 2021 |
|---|---|---|---|
| Operating revenue | 14 | **$ 870,103,876** | 705,664,915 |
| Other income | 14 | **2,095,065** | 2,083,756 |
| | | **872,198,941** | 707,748,671 |
| Costs and expenses: | | | |
| Cost of sales | 14 | **720,756,694** | 570,277,654 |
| Sales and administrative expenses | 14 | **106,248,504** | 77,826,301 |
| Gross profit | | **45,193,743** | 59,644,716 |
| Comprehensive financing results: | | | |
| Exchange gain (loss) | | **3,359,708** | (8,381,549) |
| Finance costs | | **(3,726,474)** | (4,850,563) |
| Income before income tax | | **44,826,977** | 46,412,604 |
| Income tax expense | 12 | **24,527,755** | 30,006,956 |
| Net income | | **$ 20,299,222** | 16,405,648 |

See accompanying notes to financial statements.

# STATEMENTS OF PARTNERS' EQUITY

**For the years ended December 31, 2022 and 2021**

(Mexican pesos)

| | Social parts | Retained earnings | Total partners' equity |
|---|---|---|---|
| Balances at December 31, 2020 | $ 12,934,771 | 83,667,076 | 96,601,847 |
| Net income | **-** | **16,405,648** | **16,405,648** |
| Balances at December 31, 2021 | 12,934,771 | 100,072,724 | 113,007,495 |
| Net income | - | 20,299,222 | 20,299,222 |
| Balances at December 31, 2022 | **$ 12,934,771** | **120,371,946** | **133,306,717** |

See accompanying notes to financial statements.

# STATEMENTS OF CASH FLOWS

**For the years ended December 31, 2022 and 2021**
(Mexican pesos)

| | **2022** | 2021 |
|---|---|---|
| Operating: | | |
| Income before income tax | **$ 44,826,977** | 46,412,604 |
| Depreciation | **48,466,409** | 45,687,379 |
| Less: Non-operating income | | |
| Rent income- related parties | **(2,086,351)** | (2,049,405) |
| | **91,207,035** | 90,050,577 |
| (Increase)/Decrease in : | | |
| Accounts receivable (including related parties) | **139,306,037** | (94,829,010) |
| Prepaid expenses | **(3,205,816)** | (3,991,888) |
| Deposits and other receivables | **(4,245,173)** | (1,294,655) |
| Increase/(Decrease) in :<br>Accounts payable (including related parties) | **(72,467,109)** | (23,056,860) |
| Short term employee benefits | **10,948,232** | 5,431,158 |
| Employee benefits | **12,182,410** | (208,398) |
| Accrued expenses and taxes | **(42,793,652)** | (66,460,254) |
| Tax paid | **(39,737,288)** | (19,735,350) |
| Net cash flows from operating activities | **91,194,676** | (114,094,679) |
| **Investing activities:** | | |
| Acquisitions of equipment (net of sale proceeds) | **(14,139,532)** | (17,826,662) |
| Rent income - related parties | **2,086,351** | 2,049,405 |
| Net cash flows used in investing activities | **(12,053,181)** | (15,777,257) |
| **Financing activities:** | | |
| Repayment of lease liabilities - Net cash flows used in financing activities | **(22,248,021)** | (27,411,761) |
| Net (decrease) increase in cash and cash equivalents | **56,893,474** | (157,283,698) |
| Cash at beginning of the year | **16,437,916** | 173,721,614 |
| Cash at end of the year | **$ 73,331,390** | 16,437,916 |

See accompanying notes to financial statements.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Mexican Pesos)

These financial statements have been translated from the Spanish language original and for the convenience of foreign/ English-speaking readers.

## 1. Activities

### a. Activities-

Tech Mahindra de México, S. de R.L. de C.V. (the "Entity or Company") was incorporated on June 30, 2008 under the laws of Mexico. Its address is Av. Eje 5 Norte # 990, Edificio F - Planta Baja, Colonia Santa Bárbara, C.P. 02230, Delegación Azcapotzalco, Distrito Federal México.

The Company is principally involved in computing consulting services and operates primarily in Mexico. Its holding company is Tech Mahindra Limited, an Indian public listed company. The Company carries out certain transactions with its Holding company as described in note 10.

**Relevant event**

As a result of the labor subcontracting reform, as of July 16, 2021, the Company has hired personnel under its charge to carry out the activities that are part of its corporate purpose in place of sub-contractors.

### b. Financial statement authorization and presentation-

On Jun 27,2023, the issuance of the financial statements was authorized by Director and Finance Controller. These financial statements are subject to the approval of the Board of Partners and the general ordinary partners' meetings, where they may be modified, based on provisions set forth by the General Corporate Law.

## 2. Basis of presentation

a. Statement of compliance – The accompanying financial statements have been prepared in accordance with Mexican Financial Reporting Standards (MFRS).

b. Use of estimates – The preparation of financial statements requires Management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting. Actual results could differ from those estimates and assumptions.

c. Judgments – Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

Note 3 m - Leases: whether an arrangement contains a lease.

d. Assumptions and estimation uncertainties – Information about assumptions and estimation uncertainties at December 31, 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 3 m - Leases: determination of lease period in case of an option of renew.
- Note 3 h - measurement of defined benefit obligations: key actuarial assumptions;
- Note 3 i - recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized;

e. Explanation for preparation in English - The accompanying financial statements have been prepared in English for use outside of Mexico. These financial statements are presented on the basis of Mexican Financial Reporting Standards ("Mexican FRS" or "Mex FRS"), which are comprised of accounting standards that are individually referred to as Normas de Información Financiera, or "NIFs"). Certain accounting practices applied by the Entity that conform with Mex FRS may not conform with accounting principles generally accepted in the country of use.

f. Monetary unit of the financial statements –The financial statements and notes as of December 31, 2022 and 2021 and for the years then ended are presented in Mexican pesos (reporting currency), which is the same as the local currency and the functional currency.

g. Statement of comprehensive income presentation - The Company presents comprehensive income in a single statement of net income entitled “Statement of Operations” given that the Company did not generate Other Comprehensive Income (OCI) during the current year or the preceding year, which is presented for comparative purposes.

Ordinary costs and expenses are presented based on their function because it is the practice of the industry to which the Entity belongs. Additionally, the “Income from Operation” line item is included, which results from subtracting the cost of sales and expenses from net sales, as this line item is considered to provide a better understanding of the Company’s economic and financial performance.

## 3. Summary of the significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company:

### a. Recognition of the effects of inflation

The Mexican FRS B-10 “Effects of inflation” requires the recognition of inflation until December 31, 2017. Since January 1, 2008, the Mexican FRS B-10 requires the recognition of the effects of inflation when the Company operates in an inflationary economic environment (cumulated inflation equal or more than 26% during last three years).

Annual and cumulative inflation percentage of the last three years and the indices used to determine inflation, are as follows:

| | **Inflation** | |
|---|---|---|
| **December 31** | **Yearly** | **Cumulative** |
| 2022 | 7.82% | 19.39% |
| 2021 | 7.36% | 13.87% |
| 2020 | 3.33% | 11.42% |

b. Cash and cash equivalents– Cash and cash equivalents consist of checking accounts, bank deposits, foreign currency and other highly liquid instruments.

c. Property and equipment (net) – Property, plant and equipment, including those under leases, are recorded at acquisition cost and the present value of total payments, respectively. Balances from acquisitions made through December 31, 2007 were restated for the effects of inflation by applying factors derived from the NCPI through that date.

Depreciation on property, plant and equipment is calculated using the straight-line method based on the estimated useful lives of the related assets, as follows:

| **Category** | **Useful life** |
|---|---|
| Computers | 3 years |
| Furniture and fixtures | 5 years |
| Plant & Machinery | 5 years |
| Office equipment | 5 years |
| Software acquired for consideration | 1 year |

Leasehold improvements are amortized over the useful life of the improvement or the related contract term, whichever is shorter.

Minor repairs and maintenance costs are expensed as incurred.

d. Prepayments- Mainly include prepayments for employee health and life insurance services that are received after the date of the statement of financial position and in the ordinary course of operations.

**e**. Other assets- Other assets include mainly deposits in guarantee, advances to employees and suppliers and are stated at cost.

**f**. Impairment of property, plant and equipment and other non-current assets, leases assets and intangible assets- The Company evaluates the net carrying amount of property, plant and equipment and other non-current assets, leases assets and intangible assets, to determine whether there is an indication that the carrying amount exceeds the recoverable amount. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future net revenues reasonably expected to be generated by the asset. If the net carrying amount of the asset exceeds the recoverable amount, the Company records the necessary provisions.

**g**. Provisions - Provisions are recognized for current obligations that arise from a past event, that are probable to result in the use of economic resources, and that can be reasonably estimated.

**h.** Employee benefits - Employee benefits are those granted to personnel and/or their beneficiaries in exchange for the services rendered by the employee, which include all kinds of remuneration earned, as follows:

**i.** Short-term direct benefits - Short-term direct employee benefits are recognized in income of the period in which the services rendered are accrued. A liability is recognized for the amount expected to be paid if the Company has a legal or assumed obligation to pay this amount as a result of past services provided and the obligation can be reasonably estimated.

**ii.** Long-term direct benefits - The Company’s net obligation in relation to direct long-term benefits (except for deferred ESPS), and which the Company is expected to pay at least twelve months after the date of the most recent balance sheet presented, is the amount of future benefits that employees have obtained in exchange for their service in the current and previous periods. This benefit is discounted to its present value. Remeasurements are recognized in income in the period in which they are accrued.

**iii.** Employee benefits from termination - A liability is recognized for termination benefits along with a cost or expense when the Company has no realistic alternative other than to make the corresponding payments or when the offer of these benefits cannot be withdrawn or when the conditions that require the recognition of restructuring costs are met, whichever occurs first. If benefits are not expected to be settled wholly within twelve months after the date of the most recent balance sheet presented, then they are discounted. The Company has only defined contribution plans and no defined benefit obligations.

**Defined contribution plans**

Obligations for contributions to defined contribution plans are recognized in income as the related services are provided by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

**iv.** Employee statutory profit sharing (ESPS) - ESPS is recorded in the results of the year in which it is incurred. Deferred ESPS is derived from temporary differences that result from comparing the accounting and tax bases of assets and liabilities and is recognized only when it can be reasonably assumed that a liability may be settled or a benefit is generated, and there is no indication that circumstances will change in such a way that the liabilities will not be paid or benefits will not be realized.

As result of the 2014 Tax Reform, as of December 31, 2022 and 2021, ESPS is determined based on taxable income, according to Section I of Article 10 of the Income Tax Law. Deferred ESPS derived from temporary differences between the accounting and tax bases of assets and liabilities is recognized only when it can be reasonably assumed that a liability may be settled or a benefit is generated, and there is no indication that circumstances will change in such a way that the liabilities will not be paid or benefits will not be realized.

**i.** Income taxes - Income tax (“ISR”) is recorded in results of the year in which they are incurred. Deferred taxes are calculated by applying the corresponding tax rate to temporary differences resulting from comparing the accounting and tax bases of assets and liabilities and including, if any, future benefits from tax loss carryforwards and certain tax credit.

**j.** Foreign currency transactions - Foreign currency transactions are recorded at the applicable exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Mexican pesos at the applicable exchange rate in effect at the balance sheet date. Exchange fluctuations are recorded as a component of net financing cost (income) in the statements of income.

**k.** Revenue recognition – Revenues include the fair value of the consideration received or receivable for the services in the regular course of operations, which is when control has been transferred to the customers in exchange for the consideration to which the Entity believes it is entitled in exchange for such goods or services. Revenues are presented net of discounts.

Revenue from service contracts priced on a time and material basis is recognized when services are rendered. Revenue from fixed price service contracts is recognized as performance obligation satisfied over a period of time based on the stage of completion of the contract the stage of completion determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations.

Invoices for services are issued on a monthly basis and are usually payable within 45-60 days.

Revenues are recognized when the following steps are completed:

- The contract or contracts are identified with the customer.
- The obligations to be performed in the contract are identified.
- The transaction price is determined.
- The transaction price is allocated among the different obligations to be performed in the contract.
- The revenues are recognized when the Entity fulfills each of the obligations involved.

The Company acts as a sub-contractor to its Holding Company Tech Mahindra Limited for which it is remunerated on cost plus markup basis. Its revenue from cost plus markup contracts are recognized based on the terms of the contract over the service period.

Invoices for services to the Holding Company are issued on a monthly basis and are usually payable within 30 days.

**l.** Business and credit concentration- Services rendered to Tech Mahindra Limited represented 100% in 2022 and 2021 of the Company's net revenue.

The principal supplier for sub-contracting services rendered is LCC Central America de Mexico SA de CV (fellow subsidiary company), from which the Company made approximately 6% in 2022 and 16% in 2021 of the Company's total cost of sub-contracting services.

**m**. Leases-S At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in FRS D-5.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. [However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**n. Financial instruments-**

Financial assets and liabilities - including accounts receivable and payable - are initially recognized when these assets are originated or acquired, or when these liabilities are issued or assumed, both contractually.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVI, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets and financial liabilities (unless it is an account receivable or payable without a significant financing component) are measured and initially recognized at fair value, in the case of financial assets or liabilities not measured at fair value with changes through OCI, plus the transaction costs directly attributable to acquisition or issuance, when subsequently measured at amortized cost. An account receivable without a significant financing component is initially measured at the transaction price.

**Loss allowance for expected credit losses (ECL)-**

The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost.

Loss allowances for trade receivable and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, about past events, current conditions and forecasts of future economic conditions.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

**Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

**ECLs are discounted at the effective interest rate of the financial asset.**

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit -impaired includes the following observable data:

— significant financial difficulty of the borrower or issuer;

— a breach of contract such as a default or being more than 90 days past due;

— the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise.

— it is probable that the borrower will enter bankruptcy or other financial reorganization; or

— the disappearance of an active market for a security because of financial difficulties

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

**Write off**

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For external customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery, on a case-to-case basis. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

o. Contingencies- Liabilities for loss contingencies are recorded when it is probable that a liability has been incurred and the amount thereof can be reasonably estimated. When a reasonable estimation cannot be made, disclosure is provided in the notes to the financial statements. Contingent revenues, earnings or assets are not recognized until realization is assured.

p. Comprehensive financial results (CFR)- The CFR includes finance income and expense, reduced by the amounts capitalized.

Finance income and expense include:

- interest expense;
- interest income;
- the foreign currency gain or loss on financial assets and financial liabilities;

Interest income or expense is recognized using the effective interest method.

The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of execution or settlement. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate in force at the statement of financial position date. Exchange differences arising from assets and liabilities denominated in foreign currencies are reported on the statement of comprehensive income.

**4. Cash and equivalents-**

Cash and cash equivalents comprise the following:

| | **2022** | 2021 |
|---|---|---|
| Cash and checking accounts: | | |
| Current accounts | **$ 23,331,390** | 16,437,917 |
| Fixed deposits | **50,000,000** | - |
| Cash and cash equivalents | **$ 73,331,390** | 16,437,917 |

The Company had no restricted cash and cash equivalents.

**5. Accounts receivable-**

| | **2022** | 2021 |
|---|---|---|
| Receivable from external customer: | | |
| Customer | **$ 142,012,185** | 179,884,935 |
| Loss allowance for ECL | **(8,714,920)** | (1,750,155) |
| Debtors net of allowance for ECL | **133,297,265** | 178,134,780 |
| Unbilled revenue | **10,384,681** | 11,630,247 |
| Total receivable from external customers | **$ 143,681,946** | 189,765,027 |

**Expected credit losses:**

For the commercial accounts receivable portfolio, the Entity estimates the expected credit loss (ECL) based on its experience of previous credit losses, current changes in the behavior of its customers and future economic forecasts, for which purpose it classifies its portfolio by degree of payment arrears and allocates different amounts of ECL to each of the segments of its portfolio.

The Company acts as a sub-contractor to its holding company Tech Mahindra Limited for which it is remunerated on cost plus markup basis. The expected credit loss provision is created for the external customers of the Company for which the Company is acting as an agent or sub-contractor.

Based on the average that its ECL represent of total revenues and the payment arrears of customer receivables, as well as adjustments to the amounts of ECL considering the current economic situation, the respective calculation is as follows:

| Amount of accounts receivable | Days in arrears | Probability of default | Portfolio amount in default | Loss Severity (SP) | Estimated ECL |
|---|---|---|---|---|---|
| 8,714,920 | More than 365 days | 100% | 8,714,920 | 100% | 8,714,920 |

In this case, given the impossibility of estimating the collection date, it is not practical to discount the amounts of cash flows receivable. Also, the Company does not charge interest to its customers for arrears, and so it has not identified the effective interest rate.

## 6. Other receivables-

| | **2022** | 2021 |
|---|---|---|
| Other receivables | **$ 4,512,463** | 2,139,339 |
| Advances to employees | **1,971,097** | 99,048 |
| Total other receivables | **$ 6,483,560** | 2,238,387 |

## 7. Property and equipment -

| | **2022** | 2021 |
|---|---|---|
| **a) Investment** | | |
| Plant & machinery | **$ 26,126,896** | 26,122,199 |
| Furniture and fixtures | **25,512,128** | 25,512,128 |
| Equipment and computers | **71,358,085** | 57,223,250 |
| Leasehold improvements | **5,103,655** | 5,103,655 |
| Total | **128,100,764** | 113,961,232 |
| **b) Accumulated depreciation** | | |
| Plant & machinery | **21,659,045** | 17,411,182 |
| Furniture and fixtures | **20,579,344** | 16,402,826 |
| Equipment and computers | **47,171,670** | 34,652,749 |
| Leasehold improvements | **3,238,729** | 2,461,031 |
| Total | **92,648,788** | 70,927,788 |
| Net property and equipment | **$ 35,451,976** | 43,033,444 |

Depreciation recognized in the statements of operations was $21,721,000 and $18,583,988; in 2022 and 2021, respectively.

## 8. Right of use assets and liabilities-

The Company leases office premises, typically for a period of 3 years.

### Right of use asset

Right-of-use assets related to lease properties that do not meet the definition of investment property comprise the following:

| | Buildings | |
|---|---|---|
| | **2022** | 2021 |
| Balance at January 1, 2022 | **$ 23,205,815** | 50,309,205 |
| Depreciation charge for the year | **(26,745,409)** | (27,103,390) |
| Additions to right-of-use assets | **42,273,843** | - |
| Balance at December 31, 2022 | **$ 38,734,250** | 23,205,815 |

| Amounts recognized in profit or loss | **2022** | 2021 |
|---|---|---|
| Leases under FRS D-5 | | |
| Interest on lease liabilities | **$ 3,726,474** | 4,850,563 |

Total cash outflows for leases during 2022 were $ 22,248,020 and $27,411,761 in 2021 respectively.

### Lease liabilities

| | **2022** | 2021 |
|---|---|---|
| Liability | **$ 51,496,547** | 31,470,724 |

The terms and conditions of leases are as follows:

| | **2022** | 2021 |
|---|---|---|
| Nominal Interest rate | **10.80%** | 10.80% |
| Year of maturity | **2021-2025** | 2021-2023 |
| Nominal value | **$ 57,435,107** | $ 29,934,840 |
| Present value | **51,496,547** | 31,470,724 |

Maturities of lease liabilities:

| | **2022** | | 2021 | |
|---|---|---|---|---|
| | **Nominal value** | **Present value** | Nominal value | Present value |
| Less than one year | **$ 31,301,721** | **27,647,924** | 21,321,808 | 13,178,330 |
| Between one and five years | **26,133,386** | **23,848,623** | 8,613,032 | 18,292,394 |
| Total | **$ 57,435,107** | **51,496,547** | 29,934,840 | 31,470,724 |

**9. Accrued expenses and taxes-**

Accruals include the following:

| | Accrued expenses | VAT payable | Provision for discount | Unearned Revenue | Total |
|---|---|---|---|---|---|
| Balances as at December 31, 2021 | $ 9,604,774 | 30,973,560 | 2,853,147 | 24,560,028 | 67,991,509 |
| Increase in earnings | (7,809,192) | 24,706,725 | 1,071,066 | 8,151,421 | 26,120,020 |
| Write-offs credited to earnings | - | - | (2,400,917) | (24,354,802) | (26,755,719) |
| Payments | - | (41,706,377) | (451,579) | - | (42,157,956) |
| Balances as at December 31, 2022 | **$ 1,795,582** | **13,973,908** | **1,071,717** | **8,356,648** | **25,197,856** |

**10. Related parties-**

**a. List of related parties:**

Tech Mahindra Limited (parent company)

LCC Central America de Mexico S.A. de C.V. (Fellow subsidiary)

Born Group Inc. (Fellow subsidiary)

**b.** Transactions with related parties, carried out in the ordinary course of business, whose consideration is equivalent to that in similar transactions carried out with independent parties, were as follows:

| | **2022** | 2021 |
|---|---|---|
| Revenues from services rendered to: | | |
| Tech Mahindra Limited | **$ 855,305,041** | 697,509,728 |
| LCC Central America de México S.A. de C.V. | **3,549,000** | 2,281,500 |
| Born Group Inc. | **11,249,835** | 5,873,687 |
| Expenses for services received from: | | |
| Tech Mahindra Limited | **(376,292,642)** | (443,534,272) |
| LCC Central America de México S.A. de C.V. | **(1,236,709)** | (4,359,366) |
| Reimbursement of expenses: | | |
| Tech Mahindra Limited | **(1,740,868)** | (5,537,285) |
| Other Income (rental income): | | |
| LCC Central America de Mexico S.A. de C.V. | **2,086,351** | 2,049,405 |

**c. Balances due from and to related parties are as follows:**

| | **2022** | 2021 |
|---|---|---|
| **Receivable:** | | |
| Tech Mahindra Limited | **$ 74,307,863** | 165,160,209 |
| Tech Mahindra America Inc | **104,621** | - |
| LCC Central America de Mexico S.A. de C.V. | **3,569,503** | 7,634,756 |
| Born Group Inc. | **7,463,709** | 5,873,687 |
| | **$ 85,445,696** | 178,668,652 |
| **Payable:** | | |
| Tech Mahindra Limited | **$ 138,260,435** | 204,647,875 |
| LCC Central America de Mexico S.A. de C.V. | **1,341,286** | 746,831 |
| | **$ 139,601,721** | 205,394,706 |

**11. Employee benefits-**

**a) Short term direct benefits**

The short-term direct benefits are as follows:

| | **2022** | 2021 |
|---|---|---|
| Employee benefits | | |
| Compensated absences* | **$ 2,793,804** | 2,114,119 |
| Short term employee benefits | **14,447,630** | 5,415,602 |
| Other statutory payments | **27,735,852** | 26,666,223 |
| Other employee payables | **101,667** | 389,589 |
| Total | **$ 45,078,952** | 34,377,135 |

* Note: Non -current portion of compensated absences $1,062,902 has been disclosed under other employee benefits under non-current liabilities.

**b) Post-employment benefits**

The Company has a defined benefit plan for seniority premium and legal compensation, covering substantially all of its employees its unionized and trustworthy staff. Benefits are based on the years of service and the employee's compensation.

The components of defined benefit cost for the years ended December 31, 2022 and 2021 are shown below:

| | **Seniority Premium** | **Seniority Premium** | **Legal Compensation** | **Legal Compensation** |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| Current service cost (CLSA) | $ 562,096 | 520,321 | 5,315,127 | 3,105,474 |
| Net interest | 92,982 | 67,400 | 1,613,375 | 1,234,046 |
| Settlement cost | 864,192 | - | 15,687,538 | 10,026,130 |
| Remeasurements of net assets for defined benefits (DBNA) or net liabilities for defined benefits (DBNL) recognized in income of the period | **514,339** | **(186,978)** | **7,280,785** | **(2,294,363)** |
| Net cost for the period | **$ 2,033,609** | **400,743** | **29,896,825** | **12,071,287** |

| | **Seniority Premium** | **Seniority Premium** | **Legal Compensation** | **Legal Compensation** |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| Beginning balance of DBNL | $ 1,253,649 | 1,203,213 | 21,639,724 | 21,898,558 |
| Defined Benefit Cost | 2,033,609 | 400,743 | 29,896,825 | 12,071,287 |
| Payments charged to DBNL | **(1,110,465)** | **(350,307)** | **(18,637,559)** | **(12,330,121)** |
| Ending balance of DBNL | **$ 2,176,793** | **1,253,649** | **32,898,990** | **21,639,724** |

| | **2022** | 2021 |
|---|---|---|
| Assumptions:<br>Discount rate | **8%** | 8% |
| Rate of compensation increase | **3%** | 3% |
| Average remaining employee labor life | **16.61%** | 16.61% |

## 12. Income tax (IT) and employee statutory profit sharing (ESPS)-

The Company is subject to IT. According with the IT law, the rate is 30% in 2022 and 2021 and it will continue at 30% thereafter.

### a. IT consists of the following:

| | 2022 | 2021 |
|---|---|---|
| IT: | | |
| Current | **$ 20,783,013** | 1,956,500 |
| Deferred | **3,744,742** | 28,050,456 |
| | **$ 24,527,755** | 30,006,956 |

Income tax expense attributable to income from continuing operations before income taxes, differed from the amounts computed by applying the Mexican statutory rates of 30% IT to income before income taxes, as a result of the items shown below:

| | 2022 | 2021 |
|---|---|---|
| Computed “expected” tax expense | **$ 13,448,093** | 13,923,781 |
| Increase (reduction) resulting from: | | |
| Effects of inflation, net | **-** | 518,440 |
| Non-deductible expenses | **-** | 621,095 |
| Exempt Salaries | **-** | 3,041,186 |
| Provisions | **7,759,393** | 3,630,327 |
| Towards Liability | **910,368** | 1,455,169 |
| Towards Social Security | **-** | 428,000 |
| Insurances | **-** | 1,027,787 |
| Reversal of agent ECL* | **(1,030,376)** | (1,584,100) |
| Others ** | **3,440,277** | 6,945,271 |
| IT expense | **$ 24,527,755** | 30,006,956 |

* Reversal of agent ECL pertains to the effect of balance sheet movement between provision for doubtful debts for December 31, 2022 versus December 31, 2021. Since the Company acts as an agent to its Parent company, the risk of provision is borne by Parent company and the impact of the provision is disclosed on a net basis in the Income Statement.

**Others includes effect of Right of use opening liability amounting to MXN 833,544 for the period ended December 31,2019.

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities, at December 31, 2022 and 2021, are presented below:

| | 2022 | 2021 |
|---|---|---|
| Deferred tax assets: | | |
| Property and equipment | **$ 447,190** | 5,328,849 |
| Right of use of lease properties | **3,778,478** | 1,527,138 |
| Accrued bonuses and other accruals | **12,465,813** | 12,108,904 |
| Unearned revenue | **-** | - |
| Total gross deferred tax assets | **16,691,481** | 18,964,891 |
| Deferred tax liabilities: | | |
| Prepaid expenses | **(3,522,892)** | (2,051,560) |
| Net deferred ISR asset | **13,168,589** | 16,913,331 |

**ESPS**

The ESPS expense is as follows:

| | 2022 | 2021 |
|---|---|---|
| Total ESPS expense recognized in income statement | **$ 8,115,016** | 4,528,823 |

**13. Partners' equity-**

a. **As of December 31, 2022 and 2021 partner units at par value (historical pesos), is as follows:**

| | Number of social parts | Amount in historical pesos | Number of social parts | Amount in historical pesos |
|---|---|---|---|---|
| | **2022** | | **2021** | |
| Fixed capital: | | | | |
| Series "A" partner units* | **2** | **1** | 2 | 1 |
| Variable capital | **-** | **-** | - | - |
| Series "B" partner units** | **1** | **12,934,770** | 1 | 12,934,770 |
| Total | **3** | **12,934,771** | 3 | 12,934,771 |

* Series "A" represents the fixed portion of capital stock with no retirement rights.

** Series "B" represents the variable portion of capital stock with retirement rights.

c. Retained earnings include the statutory legal reserve. The General Corporate Law requires that at least 5% of net income of the year be transferred to the legal reserve until the reserve equals 20% of partner units at par value (historical pesos). The legal reserve may be capitalized but may not be distributed unless the Company is dissolved. The legal reserve must be replenished if it is reduced for any reason. The legal reserve for the year ended 31st December 2022 is $3,883,848.

d. Partners' equity, except restated paid-in capital and tax retained earnings, will be subject to income taxes in the event of distribution, at the rate of 30%, payable by the Company; consequently, the stockholders may only receive 70% of such amounts. Any tax paid on such distributions may be credited against annual and estimated income taxes of the year in which the tax on dividends is paid and the following two fiscal years.

e. The balances of the partners' equity tax accounts as of December 31 are:

| | 2022 | 2021 |
|---|---|---|
| Contributed capital account | **$ 18,655,603** | 18,032,635 |
| Net tax income account | **250,980,394** | 171,355,128 |
| Total | **$ 269,635,997** | 189,387,763 |

**14. Revenue cost and expenses-**

| Revenue | 2022 | 2021 |
|---|---|---|
| Revenue from contracts with customers: | | |
| From services rendered to Tech Mahindra Limited | **$ 855,305,041** | 697,509,728 |
| From services rendered to fellow subsidiaries | **14,798,835** | 8,155,187 |
| Other income | | |
| Rental income | **2,086,351** | 2,049,405 |
| Others | **8,714** | 34,351 |
| Total revenue | **$ 872,198,941** | 707,748,671 |

| | 2022 | | 2021 | |
|---|---|---|---|---|
| **Costs** | **Cost of sales** | **Selling expenses and Administrative expenses** | **Cost of sales** | **Selling expenses and Administrative expenses** |
| Salaries and related cost 1 | $ 677,508,235 | - | 528,223,562 | - |
| Depreciation and amortization | | | | |
| - On property and equipment | - | 21,721,000 | - | 18,583,988 |
| - On right of use assets | - | 26,745,409 | - | 27,103,390 |
| Subcontracting expenses | 22,127,383 | - | 27,914,854 | - |
| Communication expense | 6,868,027 | - | 10,226,842 | - |
| General Office expenses | - | 11,223,775 | - | 11,668,225 |
| Other | 14,253,049 | 46,558,320 | 3,912,396 | 20,470,698 |
| Total | **$ 720,756,694** | **106,248,504** | **570,277,654** | **77,826,301** |

Salaries and related cost includes expense for ESPS $ for 2022 was $8,115,015 and $4,528,823 for 2021.

## 15. Financial instruments and risk review-

### a. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

| Financial Asset and Liabilities (not measured at fair value) | **2022** | 2021 |
|---|---|---|
| Carrying amount of financial assets: | | |
| Cash and cash equivalents | **$ 73,331,390** | 16,437,917 |
| Accounts receivable - Net | **143,681,946** | 189,765,027 |
| Due from Related Party | **85,445,697** | 178,668,652 |
| Payables to officers and employees | **1,971,097** | 99,048 |
| Deposits in guarantee | **6,391,704** | 6,391,705 |
| Other receivables | **4,512,463** | 2,139,339 |
| | **$ 315,334,297** | 393,501,688 |
| Carrying amount of financial liabilities: | | |
| Accounts payable | **$ 4,566,957** | 11,241,081 |
| Due to Related Party | **139,601,721** | 205,394,706 |
| Accrued expenses and taxes* | **25,197,856** | 67,991,509 |
| Lease liabilities | **51,496,547** | 31,470,724 |
| | **$ 220,863,081** | 316,098,020 |

*It includes provision for expenses, provision for salary and provisions against employee advances.

### b. Financial risk management

The Company’s activities expose it to a variety of financial risks i.e. market risk, credit risk and liquidity risk. The Company operates a risk management policy and program that performs close monitoring of and responding to each risk factors. Following are the financial risk factors.

#### (a) Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables.

**Trade receivable**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

Details of concentration of revenue are included in Note 3 (l) under the Significant accounting policies.

Average credit period for trade receivables ranges from 45-60 days and no interest is charged on overdue receivables. The Company uses a practical expedient by computing the expected credit loss (ECL) allowance for trade receivable based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking experience. The impact of the ECL model is disclosed in Note 5 Trade receivables.

The Company has a revenue arrangement with its parent company, wherein it acts as a sub-contractor to its Parent for all external contracts with customers and all the risk of these contracts are transferred to the parent company.

**Cash and cash equivalents**

The Company maintains its cash and cash equivalents with bank having good reputation and high-quality credit rating.

**(b) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below provides details regarding the contractual maturities of significant financial liabilities as on December 31, 2022. The amounts are gross and undiscounted.

| **Particulars** | **Carrying value** | **Less than 1 year** | **1-3 years** |
|---|---|---|---|
| Accounts payable | $ 4,566,957 | 4,566,957 | - |
| Related Parties | 139,601,721 | 139,601,721 | - |
| Accrued expenses and taxes | 25,197,856 | 25,197,856 | - |
| Lease liabilities | 51,496,547 | 27,647,924 | 23,848,623 |
| | **$ 220,863,081** | **197,014,458** | **23,848,623** |

The table below provides details regarding the contractual maturities of significant financial liabilities as on December 31, 2021:

| **Particulars** | **Carrying value** | **Less than 1 year** | **1-3 Years** |
|---|---|---|---|
| Accounts payable | $ 11,241,081 | 11,241,081 | - |
| Due to Related Party | 205,397,706 | 205,397,706 | - |
| Accrued expenses and taxes | 67,991,509 | 67,991,509 | - |
| Lease liabilities | 31,470,724 | 13,179,330 | 18,292,394 |
| | **$ 316,098,020** | **297,805,626** | **18,292,294** |

**(c) Market risk**

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates and equity prices -will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

**Exposure to currency risk**

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

| | **2022** | | | **2021** | | |
|---|---|---|---|---|---|---|
| | **USD** | **CAD** | **EUR** | **USD** | **CAD** | **EUR** |
| Cash and cash equivalents | $ 107,825 | - | | 18,547 | - | |
| Accounts receivable - Net | 587,929 | 45,989 | - | 1,122,964 | 45,989 | - |
| Related Party receivables | 471,101 | - | - | 527,090 | - | - |
| Accounts payable | (51,473) | - | - | (58,244) | - | - |
| Related Party payable | (6,818,789) | - | - | (9,798,821) | - | (221,575) |
| Net statement of financial position exposure | **$ (5,703,407)** | **45,989** | **-** | **(8,188,464)** | **45,989** | **(221,575)** |

The following significant exchange rates have been applied:

| | **Average rate** | | **Year end spot rate** | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| USD 1 | **20.1** | 20.9 | **19.6** | 20.5 |
| CAD 1 | **15.4** | 16.4 | **14.5** | 16.2 |
| EUR 1 | **21.1** | 23.7 | **20.9** | 23.2 |

**Sensitivity analysis**

A reasonably possible strengthening (weakening) of the US dollar, EUR and CAD by 1% against the functional currency at December 31, would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and income by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| | **Income** | | **Equity, net of tax** | |
|---|---|---|---|---|
| | **Strengthening** | **Weakening** | **Strengthening** | **Weakening** |
| USD (1% movement) | $ (57,034) | 57,034 | 57,034 | (57,034) |
| CAD (1% movement) | **460** | **(460)** | **(460)** | **460** |

**16. Recently issued financial reporting standards-**

The Consejo Mexicano de Normas de Información Financiera, A. C. (CINIF) has issued the FRS and Revisions listed below: (Incluir únicamente las que apliquen a la Compañía).

**2023 FRS Revisions**

In December 2022, CINIF issued a document called "2023 FRS Revisions" containing precise modifications to some of the existing FRS. This revision made to the FRS result in accounting changes in the annual financial statements, which are shown below: Únicamente incluir las que le afecten a la Compañía.

FRS B-11 Disposal of long-lived assets and discontinued operations/ NIF C-11 Stockholders' Equity- Becomes effective for years beginning on or after the 1st. January 2023, allowing its early application. Any change that it generates must be recognized in accordance with FRS B-1 Accounting changes and correction of errors. This revision establishes that any difference between the book value of long-lived assets delivered to settle dividends or capital reimbursements must be recognized in retained earnings.

FRS B-15 Conversion of foreign currencies- This FRS revision becomes effective for the years that start from the 1st. January 2023, allowing its early application. Any change that it generates must be recognized in accordance with FRS B-1 Accounting changes and correction of errors. It makes modifications to the practical solution of the FRS that allows the preparation of financial statements without the effects of conversion to functional currency. This revision specifies which entities and in which cases this option can be exercised, establishing that an entity that does not have subsidiaries or controllers or that is a subsidiary, associate or joint venture, can prepare its financial statements without converting to functional currency, provided that they are financial statements exclusively for tax and legal purposes and do not have users who require the preparation of financial statements considering the effects of translation to functional currency.

Management estimates that the adoption of this new FRS shall have no significant effects.

**17. Contingencies**

(a) In accordance with Mexican tax law, the tax authorities are empowered to examine transactions carried out during the five years prior to the most recent income tax return filed.

(b) The Company is involved in a number of claims arising in the normal course of business from labor obligations. It is expected that the final outcome of these matters will not have significant adverse effects on the Company's financial position and income.

| Signed by- | Signed by- |
|---|---|
| Director | Finance Controller |

# TECH MAHINDRA ICT SERVICES (MALAYSIA) SDN. BHD.

**Unaudited Financial Statements for the year ended 31st March 2023.**

**Board of Directors**

Mr. Manish Goenka

Mr. Hrishikesh Mahesh Pandit

Mr. Chong Li Khuen

Mr. Sabrina Ong Lee Leigh

**Registered Office**

35-3, Jalan SS 15/8A, 47500

Subang Jaya, Selangor Darul Ehsan,

Kuala Lumpur, Malaysia

**Bankers**

HSBC Bank Malaysia Berhad

# STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | **RM** | RM |
| **Assets** | | | |
| Property, plant and equipment | 3 | **2,435,483** | 1,808,698 |
| Right-of-use assets | 4 | **4,578,249** | - |
| Trade and other receivables | 5 | **2,114,248** | 6,040,397 |
| **Total non-current assets** | | **9,127,980** | 7,849,095 |
| Trade and other receivables | 5 | **151,184,470** | 125,567,726 |
| Contract assets | 6 | **9,420,078** | 13,025,028 |
| Tax assets | | **4,420,671** | 4,346,246 |
| Cash and cash equivalents | 7 | **26,261,758** | 43,610,386 |
| **Total current assets** | | **191,286,977** | 186,549,386 |
| **Total assets** | | **200,414,957** | 194,398,481 |
| **Equity** | | | |
| Share capital | 8 | **10,654,000** | 10,654,000 |
| Retained earnings | | **54,486,981** | 43,512,232 |
| **Total equity** | | **65,140,981** | 54,166,232 |
| **Liability** | | | |
| Lease liabilities | 9 | **2,511,070** | 5,226,289 |
| Contract liabilities | 6 | **25,632** | 87,935 |
| Other payables | 11 | **15,760,346** | 22,252,660 |
| **Total non-current liability** | | **18,297,048** | 27,566,884 |
| Lease liabilities | 9 | **6,082,755** | 2,897,723 |
| Trade payables | 10 | **81,986,806** | 63,041,070 |
| Other payables | 11 | **26,963,674** | 44,565,751 |
| Contract liabilities | 6 | **1,943,694** | 2,160,821 |
| **Total current liabilities** | | **116,976,929** | 112,665,365 |
| **Total liabilities** | | **135,273,976** | 140,232,249 |
| **Total equity and liabilities** | | **200,414,957** | 194,398,481 |

**Manish Goenka**
Director

Date: June 28, 2023

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | **RM** | RM |
| **Revenue** | 12 | **244,673,103** | 218,543,224 |
| Cost of services | 13 | **(204,535,976)** | (182,441,211) |
| **Gross profit** | | **40,137,127** | 36,102,013 |
| Other income | | **240** | 285 |
| Net gain from reversal of impairment of financial instruments | | **(1,017,695)** | 4,332,522 |
| Administrative expenses | | **(28,147,0 31)** | (18,254,805) |
| **Results from operating activities** | | **10,972,641** | 22,180,015 |
| Finance income | | **552,451** | 739,027 |
| Finance cost | | **(511,264)** | (603,928) |
| **Profit before tax** | 14 | **11,013,828** | 22,315,114 |
| Taxation | 15 | **(39,079)** | (47,260) |
| **Profit and total comprehensive income for the year** | | **10,974,749** | 22,267,854 |

**Manish Goenka**
Director

Date: June 28, 2023

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

| | Non-distributable Share capital | Distributable Retained earnings | Total equity |
|---|---|---|---|
| | RM | RM | RM |
| **At 1 April 2021** | 10,654,000 | 21,244,378 | 31,898,378 |
| Profit and total comprehensive income for the year | - | 22,267,854 | 22,267,854 |
| **At 31 March 2022/1 April 2022** | 10,654,000 | 43,512,232 | 54,166,232 |
| Profit and total comprehensive income for the year | - | 10,974,749 | 10,974,749 |
| **At 31 March 2023** | **10,654,000** | **54,486,981** | **65,140,981** |

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED

**31 March 2023**

| | 2023 | 2022 |
|---|---|---|
| | RM | RM |
| **Cash flows from operating activities** | | |
| Profit before tax | **11,013,828** | 22,315,114 |
| Adjustments for: | | |
| Net gain from reversal of impairment of financial instruments | **1,017,695** | (4,332,522) |
| Depreciation of property, plant and equipment | **1,317,741** | 1,163,201 |
| Depreciation of right-of-use assets | **2,506,805** | 3,994,114 |
| Leave encashment expenses | **848,114** | 993,342 |
| Gain on disposal of property, plant and equipment | **-** | - |
| Net unrealised loss on foreign exchange | **(908,166)** | 299,135 |
| Finance cost | **511,264** | 603,928 |
| Finance income | **(531,535)** | (739,027) |
| **Operating profit before changes in working capital** | **15,775,745** | 24,297,285 |
| Change in trade and other receivables | **(25,888,522)** | (6,515,164) |
| Change in contract assets | **3,604,949** | 13,316,562 |
| Change in trade payables | **18,945,736** | 5,541,836 |
| Change in other payables and accrued expenses | **(24,108,801)** | (26,130,892) |
| Change in contract liabilities | **(279,428)** | (919,227) |
| **Cash generated from operations** | **(11,950,321)** | 9,590,400 |
| Leave encashment paid | **(833,704)** | (1,132,037) |
| Tax refund | **(113,504)** | 5,779,687 |
| Interest received from finance lease | **433,884** | 632,340 |
| **Net cash generated from operating activities** | **(12,463,646)** | 14,870,390 |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment | **(1,944,530)** | (1,492,355) |
| Proceeds from disposal of property, plant and equipment | **-** | - |
| Repayment from related company | **(108,463)** | 4,948,600 |
| Interest received | **51,829** | 24,435 |
| Lease payments received | **4,132,308** | 6,509,705 |
| **Net cash from investing activities** | **2,131,144** | 9,990,385 |
| Cash flows from financing activity | | |
| Payment of lease liabilities | **(6,963,331)** | (10,021,886) |
| **Net cash used in financing activity** | **(6,963,331)** | (10,021,886) |
| **Net increase in cash and cash equivalents** | **(17,295,834)** | 14,838,889 |
| Effect of foreign exchange rate differences | **(52,795)** | (186,741) |
| Cash and cash equivalents at beginning of the year | **43,610,386** | 28,958,238 |
| **Cash and cash equivalents at end of the year** | **26,261,758** | 43,610,386 |

**(i) Cash outflow for leases as a lessee**

| | **2023** | 2022 |
|---|---|---|
| | **RM** | RM |
| Included in net cash used in financing activities: | | |
| Payment of lease liabilities | **(6,963,331)** | (10,021,888) |
| Total cash outflow for leases | **(6,963,331)** | (10,021,888) |

**(ii) Reconciliation of movement of liabilities to cash flows arising from financing activities**

The movement of liabilities from financing activities in the statement of cash flows are as follows:

| | **At 1 April 2021** | **Interest in relation to lease liabilities** | **Net change in cash flows from financing activities** | **At 31 March 2022/ 1 April 2022** | **Interest in relation to lease liabilities** | **Net change in cash flows from addition in financing activities** | **Net change in cash flows from financing activities** | **At 31 March 2023** |
|---|---|---|---|---|---|---|---|---|
| | RM | RM | RM | RM | RM | | RM | RM |
| Lease liabilities | 3,674,094 | 61,816 | (3,735,910) | - | 142,556 | 7,085,054 | (2,560,831) | 4,666,778 |
| Finance lease liabilities | 13,867,876 | 542,112 | (6,285,976) | 8,124,012 | 205,534 | | (4,402,500) | 3,927,047 |
| | **17,541,970** | **603,928** | **(10,021,886)** | **8,124,012** | **348,091** | **7,085,054** | **(6,963,331)** | **8,593,825** |

# NOTES TO THE FINANCIAL STATEMENTS

Tech Mahindra ICT Services (Malaysia) Sdn. Bhd. is a private limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

**Principal place of business**

Malaysia Global Solution Center
Lot 12122, Persiaran APEC
63000 Cyberjaya
Selangor Darul Ehsan

**Registered office**

35-3, Jalan SS15/8A
47500 Subang Jaya
Selangor Darul Ehsan

The Company is principally engaged in the business of developing, advising, consulting and implementing of software systems relating to information technology and electronic services including application and programming services, administration and management control, technical, scientific and operational assistance, systems design, project management training and support of personnel, management of services facility and generally, any type of business in connection therein. There has been no significant change in the nature of these activities during the financial year.

The Company is a wholly-owned subsidiary of Tech Mahindra Limited, which is incorporated in India and regarded by the Directors as the Company's ultimate holding company, during the financial year and until the date of this report.

These financial statements were authorised for issue by the Board of Directors on June 29, 2023.

## 1. Basis of preparation

### (a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101, Presentation of Financial Statements – Disclosures of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, Leases – Lease Liability in a Sale and Leaseback
- Amendment to MFRS 101, Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Company plans to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 April 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and amendments to MFRS 17 which are not applicable to the *[Group]/[Company]. (Note: MFRS 17 and amendments to MFRS 17 that are effective 1 January 2023 are only applicable to Group or Company which has insurance contracts.)

- from the annual period beginning on *[1 January 2024] for the amendments that are effective for annual periods beginning on or after 1 January 2024, except for *[amendments [*]] which *[is/are] not applicable to the *[Group]/[Company].

The initial application of the abovementioned accounting standards, amendments and interpretations is not expected to have any material financial impact to the current period and prior period financial statements of the Company.

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

**(c) Functional and presentation currency**

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

**(d) Use of estimates and judgements**

The preparation of financial statements in conformity with MFRSs requires management to make 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed below:

- Note 11.2 – Provision for onerous contracts

- Note 16.4 – Measurement of expected credit loss ("ECL")

**2. Significant accounting policies**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

**(a) Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date.

Foreign currency differences arising on retranslation are recognised in profit or loss.

**(b) Financial instruments**

**(i) Recognition and initial measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

**(ii) Financial instrument categories and subsequent measurement**

**Financial assets**

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

**Amortised cost**

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(g)(i)) where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment (see Note 2(g)(i)).

**(iii) Financial instrument categories and subsequent measurement (continued)**

**Financial liabilities**

The categories of financial liabilities at initial recognition are as follows:

**Amortised cost**

Financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

**(iv) Derecognition**

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**(v) Offsetting**

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

**(c) Property, plant and equipment**

**(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant 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.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

**(ii) Subsequent costs**

The cost of replacing a component of an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

**(iii) Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

- Office equipment 5 years
- Computers 3 years
- Plant and equipment 3 to 5 years
- Lease improvement 3 years
- Furniture and fixtures 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

**(d) Leases**

**(i) Definition of a lease**

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain a substantially all of the economic benefits from use of the asset throughout the period of use; and

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Company is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

**(ii) Recognition and initial measurement**

**(a) As a lessee**

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;

  - variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

  - amounts expected to be payable under a residual value guarantee;

  - the exercise price under a purchase option that the Company is reasonably certain to exercise; and

  - penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The Company excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**(b) As a lessor**

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Company applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

The Company recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Company uses the interest rate implicit in the lease to measure the net investment in the lease.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sublease as an operating lease.

**(iii) Subsequent measurement**

**(a) As a lessee**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.easured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**(b) As a lessor**

The Company recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Company's net investment in the lease. The Company aims to allocate finance income over the lease term on a systematic and rational basis. The Company applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, Financial Instruments (see Note 2(g)(i)).

**(e) Contract asset/contract liability**

A contract asset is recognised when the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, Financial Instruments (see Note 2(g)(i)).

A contract liability is stated at cost and represents the obligation of the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

**(f) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Company in the management of their short term commitments.

**(g) Impairment**

**(i) Financial assets**

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Company measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery amounts due.

**(ii) Other assets**

The carrying amounts of other assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior years are assessed at the end of each reporting year for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

**(h) Equity instruments**

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

**Ordinary shares**

Ordinary shares are classified as equity.

**(i) Employee benefits**

**(i) Short-term employee benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised 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.

**(ii) State plans**

The Company's contributions to the statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

**(j) 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. Provisions are determined by discounting the expected future cash flows 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.

**Onerous contracts**

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

**(k) Revenue and other income**

**(i) Revenue from contracts with customers**

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring services to a customer, excluding amounts collected on behalf of third parties. The Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Company transfers control of service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Company performs;

(b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

**(ii) Interest income**

Interest income is recognised as it accrues using the effective interest method in profit or loss.

**(l) Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from 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. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(m) Fair value measurements**

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## 3. Property, plant and equipment

| | Office equipment | Computers | Plant and equipment | Lease improvement | Furniture and fixtures | Total |
|---|---|---|---|---|---|---|
| | RM | RM | RM | RM | RM | RM |
| **Cost** | | | | | | |
| At 1 April 2021 | 583,887 | 5,394,149 | 576,894 | 8,600 | 94,853 | 6,658,383 |
| Additions | 32,005 | 1,456,650 | 3,700 | - | - | 1,492,355 |
| At 1 April 2022 | 615,892 | 6,850,799 | 580,594 | 8,600 | 94,853 | 8,150,738 |
| Additions | 196,240 | 1,154,280 | 465,608 | | 128,403 | 1,944,530 |
| At 31 March 2023 | **812,132** | **8,005,079** | **1,046,202** | **8,600** | **223,256** | **10,095,268** |
| **Depreciation** | | | | | | |
| At 1 April 2021 | 505,318 | 4,019,561 | 576,894 | 2,150 | 74,916 | 5,178,839 |
| Depreciation for the year | 33,718 | 1,120,449 | 434 | 2,867 | 5,733 | 1,163,201 |
| At 1 April 2022 | 539,036 | 5,140,010 | 577,328 | 5,017 | 80,649 | 6,342,040 |
| Depreciation for the year | 50,621 | 1,202,186 | 44,894 | 2,867 | 17,172 | 1,317,741 |
| At 31 March 2023 | **589,657** | **6,342,196** | **622,222** | **7,884** | **97,822** | **7,659,781** |
| **Carrying amount** | | | | | | |
| At 1 April 2021 | **78,569** | **1,374,588** | **-** | **6,450** | **19,937** | **1,479,544** |
| At 1 April 2022 | **76,856** | **1,710,789** | **3,266** | **3,583** | **14,204** | **1,808,698** |
| At 31 March 2023 | **222,467** | **1,662,882** | **423,979** | **716** | **125,434** | **2,435,492** |

## 4. Right-of-use assets

| | Building RM |
|---|---|
| At 1 April 2021 | 3,994,114 |
| Depreciation | (3,994,114) |
| At 31 March 2022/1 April 2022 | - |
| Additions during the year | 7,085,054 |
| Depreciation | 2,506,805 |
| At 31 March 2023 | 4,578,249 |

The Company leases an office building that runs between 1 year and 3 years, with option to renew the lease after that date.

### 4.1 Extension options

The lease of office building contains extension options exercisable by the Company up to one year before the end of the non-cancellable contract period. Where applicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

### 4.2 Significant judgements and assumptions in relation to leases

The Company assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Company considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Company also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Company first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

## 5. Trade and other receivables

| | Note | 2023 RM | 2022 RM |
|---|---|---|---|
| **Non-current** | | | |
| Lease receivables | 5.1 | **2,114,248** | 6,040,397 |
| **Current** | | | |
| **Trade** | | | |
| Trade receivables | 5.2 | **30,561,572** | 40,180,649 |
| Amount due from related companies | 5.3 | **77,430,691** | 31,236,867 |
| Amount due from ultimate holding company | 5.3 | **21,795,281** | 32,534,039 |
| | | **129,787,545** | 103,951,555 |
| **Non-trade** | | | |
| Lease receivables | 5.1 | **3,926,150** | 4,566,191 |
| Prepaid expense | | **7,422,143** | 4,394,361 |
| Deposits | | **543,598** | 336,953 |
| Other receivables | | **7,027,833** | 10,005,204 |
| Amount due from related company | 5.4 | **2,477,201** | 2,313,462 |
| | | **21,396,925** | 21,616,171 |
| | | **151,184,470** | 125,567,726 |
| | | **153,298,718** | 131,608,123 |

### 5.1 Lease receivables

The lease periods under these arrangements range from 3 years to 7 years and are discounted using an interest rate of 4.9% (2022: 4.9%). There is no collateral pledged in this transaction. The lease receivables as at reporting dates are as follows:

| | 2023 RM | 2022 RM |
|---|---|---|
| At 1 April | **10,606,588** | 17,748,633 |
| Addition | | - |
| Interest income | **(433,884)** | (632,340) |
| Lease payments received | **(4,132,308)** | (6,509,705) |
| At 31 March | **6,040,397** | 10,606,588 |

The lease payments to be received are as follows:

| | 2023 RM | 2022 RM |
|---|---|---|
| Less than one year | **3,926,150** | 4,566,191 |
| One to two years | **2,114,248** | 3,926,150 |
| Two to five years | **-** | 2,114,247 |
| More than five years | **-** | - |
| Total undiscounted lease payments receivable | **6,040,397** | 10,606,588 |
| Unearned interest income | **(251,109)** | (521,821) |
| Net investment in lease | **5,789,289** | 10,084,767 |

### 5.2 Trade receivables

Trade receivables are usually settled on 30 to 90 days.

### 5.3 Amount due from ultimate holding company and related companies

The amount due from ultimate holding company and related companies are subject to the normal trade terms.

### 5.4 Amount due from related company

The amount due from related company is unsecured, subject to interest at 2.10 % per annum (2022: 1.23% per annum) and repayable on demand.

## 6. Contract assets/(liabilities)

| | **2023 RM** | 2022 RM |
|---|---|---|
| Current | | |
| Contract assets | **9,420,078** | 13,025,028 |
| Non-current | | |
| Contract liabilities | **25,632** | (87,935) |
| Current | | |
| Contract liabilities | **1,943,694** | (2,160,821) |

The contract assets primarily relate to the Company's right to consideration for work completed on the milestone-based projects but not yet billed at the reporting date.

The contract liabilities primarily relate to the advance consideration received from customers for the milestone-based projects, which revenue is recognised overtime during the duration of the projects.

Significant changes to contract assets and contract liabilities balances during the period are as follows:

| | **2023 RM** | 2022 RM |
|---|---|---|
| Contract liabilities at the beginning of the period recognised as revenue | **1,943,694** | 2,434,475 |

## 7. Cash and cash equivalents

| | **Note** | **2023 RM** | 2022 RM |
|---|---|---|---|
| Cash at banks | | **4,550,036** | 11,400,159 |
| Fixed deposits with licensed bank | 7.1 | **21,711,722** | 32,210,227 |
| | | **26,261,758** | 43,610,386 |

7.1 The effective interest rate of fixed deposits ranges from 0.95% to 1.45% (2022: 0.95% to 1.20%) per annum and the maturity period ranges from 7 days to 10 days (2022: 7 days to 3 months).

## 8. Share capital

| | **Number of shares** | **Amount** | Number of shares | Amount |
|---|---|---|---|---|
| | **2023 RM** | **2023 RM** | 2022 RM | 2022 RM |
| Issued and fully paid shares with no par value classified as equity instruments: Ordinary shares At 1 April/31 March | **10,654,000** | **10,654,000** | 10,654,000 | 10,654,000 |

**Ordinary shares**

The holder of ordinary shares is entitled to receive dividends as declared from time to time, and is entitled to one vote per share at meetings of the Company.

## 9. Lease liabilities

| | 2023 RM | 2022 RM |
|---|---|---|
| **Non-current** | | |
| Finance lease liabilities | **2,511,070** | 5,226,289 |
| **Current** | | |
| Finance lease liabilities | **6,082,755** | 2,897,723 |
| Lease liabilities | **-** | - |
| | **6,082,755** | 2,897,723 |
| | **8,593,825** | 8,124,012 |

Included in the current balance of lease liabilities were lease payables in relation to the rental of office building amounting to RM 4,666,778 (2022: RM NIL). The remaining balances are on account of the hardware and software related finance lease transactions which are subsequently leased back to the customer (see Note 5.1).

**Finance lease liabilities**

Finance lease liabilities are payable as follows:

| | Future minimum lease payments 2023 RM | Interest 2023 RM | Present value of minimum lease payments 2023 RM | Future minimum lease payments 2022 RM | Interest 2022 RM | Present value of minimum lease payments 2022 RM |
|---|---|---|---|---|---|---|
| Less than one year | 6,245,926 | (163,171) | 6,082,755 | 3,266,428 | (368,705) | 2,897,723 |
| Between one and five years | 2,511,070 | | 2,511,070 | 5,226,289 | - | 5,226,289 |
| | **8,756,996** | **(163,171)** | **8,593,825** | **8,494,718** | **(368,705)** | **8,124,012** |

## 10. Trade payables

| | Note | 2023 RM | 2022 RM |
|---|---|---|---|
| Trade payables | 10.1 | **32,508,335** | 1,700,178 |
| Amount due to immediate holding company | 10.2 | **47,950,507** | 39,272,157 |
| Amount due to related companies | 10.2 | **1,527,964** | 22,068,735 |
| | | **81,986,806** | 63,041,070 |

### 10.1 Trade payables

Trade payables are usually settled on 30 to 60 days.

### 10.2 Amount due to immediate holding company and related companies

The amount due to immediate holding company and related companies are subject to the normal trade terms.

## 11. Other payables

| | Note | 2023 RM | 2022 RM |
|---|---|---|---|
| Non-current | | | |
| Provision for employee benefits: leave encashment | 11.1 | **834,734** | 805,390 |
| Provision for onerous contracts | 11.2 | **14,925,612** | 21,447,270 |
| | | **15,760,346** | 22,252,660 |
| Current | | | |
| Other payables | | **16,157,895** | 27,391,012 |
| Accrued expenses | | **237,579** | 2,431,707 |
| Provision for employee benefits: leave encashment | 11.1 | **1,483,600** | 1,498,535 |
| Provision for onerous contracts | 11.2 | **9,084,600** | 13,244,497 |
| | | **26,963,674** | 44,565,751 |
| | | **42,724,020** | 66,818,411 |

### 11.1 Provision for employee benefits: leave encashment

Movement in provision for employee benefits: leave encashment is shown as follows:

| | 2023 RM | 2022 RM |
|---|---|---|
| At 1 April | **2,303,925** | 2,442,620 |
| Charge for the year (Note 14) | **848,113** | 993,342 |
| Leave encashment paid | **(833,704)** | (1,132,037) |
| At 31 March | **2,318,334** | 2,303,925 |

The Company provides for the compensated absences subject to Company's leave policy. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is accrued based on the number of days of unavailed leave at each reporting date. It is measured as at reporting date on the basis of an independent actuarial valuation using the Projected Unit Credit method.

### 11.2 Provision for onerous contracts

This provision related to onerous contracts which are recognised 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.

The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Significant estimate and judgement are required in estimating the budgeted costs in relation of the contract. A change in the estimates will directly affect the provision to be recognised in relation to the future obligations under the contract. The discount rate used is a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the liability. This provision for onerous contract has occurred from a service agreement with other party and is towards the additional delivery costs.

| | Provision for onerous contracts RM |
|---|---|
| At 1 April 2021 | 60,836,249 |
| Provision used during the year | (26,144,482) |
| At 31 March 2022/1 April 2022 | 34,691,767 |
| Provision used during the year | (10,681,555) |
| At 31 March 2023 | (24,010,212) |

## 12. Revenue

| | 2023<br>RM | 2022<br>RM |
|---|---|---|
| Revenue from contracts with customers | | |
| Sale of equipment | **6,316,976** | 17,793,008 |
| Rendering of services | **238,356,126** | 200,750,216 |
| | **244,673,103** | 218,543,224 |

### 12.1 Disaggregation of revenue

| | 2023<br>RM | 2022<br>RM |
|---|---|---|
| Timing of revenue recognition | | |
| At a point of time | **6,316,976** | 17,793,008 |
| Over time | **238,356,126** | 200,750,216 |
| | **244,673,103** | 218,543,224 |

### 12.2 Nature of services

The following information reflects the typical transactions of the Company:

| Nature of services | Timing of recognition or method used to recognised revenue | Significant payment terms |
|---|---|---|
| Sale of equipment | Revenue is recognised at a point of time upon the completion of the project when the services are delivered and accepted by the customers at their premises. | Credit period of 30-90 days from invoice date. |
| Rendering of services | Revenue is recognised over the period of time for the milestone-based projects when the services are delivered and accepted by the customers at their premises. | Credit period of 30-90 days from invoice date. |

### 12.3 Transaction price allocated to the remaining performance obligations

Revenue from performance obligations that are unsatisfied (or partially unsatisfied) as at the reporting date and will be recognised in the next twelve months is 2022: RM 117,587,382, (2022: RM88,218,828).

## 13. Cost of services

| | Note | 2023<br>RM | 2022<br>RM |
|---|---|---|---|
| Employee cost | | **131,920,756** | 148,094,518 |
| Hardware related expenses | | **82,661,469** | 60,491,175 |
| Provision for onerous contracts | 11.2 | **(10,681,555)** | (26,144,482) |
| | | **203,900,669** | 182,441,211 |

## 14. Profit before tax

| | 2023 RM | 2022 RM |
|---|---|---|
| **Profit before tax is arrived at after (crediting)/ charging:** | | |
| **Auditors' remuneration** | | |
| Audit fees: | | |
| - KPMG PLT | **71,773** | 54,000 |
| **Material (income)/expenses** | | |
| Depreciation of property, plant and equipment | **1,317,741** | 1,163,201 |
| Depreciation on right-of-use assets | **2,506,805** | 3,994,114 |
| Personnel expenses (including key management personnel): | | |
| - Salaries and allowances | **78,341,476** | 70,339,621 |
| - Defined contribution plan | **6,909,063** | 6,403,116 |
| - Other staff-related expenses | **6,420,652** | 4,756,816 |
| Leave encashment expenses | **848,114** | 993,342 |
| Finance cost | **-** | 603,928 |
| Foreign exchange losses | | |
| - Realised | **1,722,382** | 1,476,151 |
| - Unrealised | **(908,166)** | 299,135 |
| Finance income | **(531,535)** | (739,027) |
| **Net gain from reversal of impairment of financial instruments** | | |
| **Financial assets at amortised cost** | | |
| Trade receivables | **818,117** | 646,916 |
| Other receivables | **199,578** | 3,528 |
| Amount due from related companies | | (4,982,966) |
| | **1,017,695** | (4,332,522) |

## 15. Taxation

| | 2023 RM | 2022 RM |
|---|---|---|
| **Current tax** | | |
| - Current year | **39,079** | 47,260 |
| - Under provision in prior years | **-** | - |
| | **39,079** | 47,260 |
| **Deferred tax** | | |
| - Under provision in prior year | **-** | - |
| | **39,079** | 47,260 |

| | 2023 RM | 2022 RM |
|---|---|---|
| Reconciliation of tax expense | | |
| Profit before tax | **11,013,828** | 22,315,114 |
| Income tax calculated using Malaysia tax rates at 24% (2022: 24%) | **2,643,319** | 5,355,627 |
| Non-deductible expenses | **(2,604,240)** | 1,426,532 |
| Net change in unrecognised deferred tax asset | **-** | (5,538,987) |
| Tax exempted income | | (1,195,912) |
| Under provision in prior years | | - |
| | **39,079** | 47,260 |

The Company was awarded MSC Malaysian Status and is eligible for income tax exemption on statutory income from 31 May 2019 to 30 May 2024.

The Company was under pioneer status until 30 May 2024 and since the trade income was not taxable, no provision for tax was required to be made on the business income and no deferred tax was created.

## 16. Financial instruments

### 16.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC").

| | Carrying amount RM | AC RM |
|---|---|---|
| **2023** | | |
| **Financial assets** | | |
| Trade and other receivables (excluding prepayments and GST receivables) | **139,836,177** | 139,836,177 |
| Cash and cash equivalents | **26,261,758** | 26,261,758 |
| | **166,097,935** | 166,097,935 |
| **Financial liabilities** | | |
| Trade payables | **(81,986,806)** | 81,986,806 |
| Other payables (excluding VAT payable) | **(15,820,254)** | 15,820,254 |
| | **(97,807,060)** | 97,807,060 |
| **2022** | | |
| **Financial assets** | | |
| Trade and other receivables (excluding prepayments and GST receivables) | **127,034,675** | 127,034,675 |
| Cash and cash equivalents | **43,610,386** | 43,610,386 |
| | **170,645,061** | 170,645,061 |
| **Financial liabilities** | | |
| Trade payables | **(63,041,070)** | (63,041,070) |
| Other payables (excluding VAT payable) | **(29,247,499)** | (29,247,499) |
| | **(92,288,569)** | (92,288,569) |

### 16.2 Net gains and losses arising from financial instruments

| | 2023 RM | 2022 RM |
|---|---|---|
| Net gains/(losses) on: | | |
| Financial assets at amortised cost | **433,884** | 3,296,260 |
| Financial liabilities at amortised cost | **(368,706)** | (542,112) |
| | **65,178** | 2,754,148 |

### 16.3 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### 16.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from the individual characteristic of each customer. There are no significant changes as compared to prior periods.

**Trade receivables and contract assets**

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on new customers requiring credit over a certain amount.

At each reporting date, the Company assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

**Trade receivables and contract assets**

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Company manages its customers and take appropriate action (including but not limited to legal action) to recover long overdue balances. Generally, trade receivables will pay within 30-90 days. The Company's debt recovery process is as follows:

a) Above 180 days past due after credit term, the Company will start to initiate a structured debt recovery process which is monitored by the sales management team; and

b) Above 365 days past due, the Company will commence a legal proceeding against the customer.

The Company uses a simple average loss rate model and past due date to measure Expected Credit Losses ("ECLs") of trade receivables and contract assets. Consistent with the debt recovery process, invoices which are past due 365 days will be considered as credit impaired.

The Company assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default.

The Company also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Company's view of economic conditions over the expected lives of the receivables. Nevertheless, the Company believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets which are grouped together as they are expected to have similar risk nature.

| | Gross carrying amount RM | Loss allowance RM | Net balance RM |
|---|---|---|---|
| **2023** | | | |
| Current (not past due) | 22,357,506 | - | 22,357,506 |
| 0 - 90 days past due | 3,583,291 | - | 3,583,291 |
| 90 - 180 days past due | 4,458,235 | - | 4,458,235 |
| 180 - 365 days past due | 401,300 | - | 401,300 |
| | **30,800,332** | **-** | **30,800,332** |
| **Credit impaired** | | | |
| Past due more than 365 days | 16,439,213 | 16,356,738 | 82,474 |
| | **47,239,545** | **16,356,738** | **30,882,807** |
| Trade receivables | 46,918,311 | 16,356,738 | 30,561,572 |
| Contract assets | 9,420,078 | | 9,420,078 |
| | **56,338,389** | **16,356,738** | **39,981,651** |
| **2022** | | | |
| Current (not past due) | 32,405,887 | - | 32,405,887 |
| 0 - 90 days past due | 6,192,786 | - | 6,192,786 |
| 90 - 180 days past due | 11,370,489 | - | 11,370,489 |
| 180 - 365 days past due | 3,236,515 | - | 3,236,515 |
| | **53,205,677** | **-** | **53,205,677** |
| **Credit impaired** | | | |
| Past due more than 365 days | 15,991,991 | (15,991,991) | - |
| | **69,197,668** | **(15,991,991)** | **53,205,677** |
| Trade receivables | 56,172,640 | (15,991,991) | 40,180,649 |
| Contract assets | 13,025,028 | - | 13,025,028 |
| | **69,197,668** | **(15,991,991)** | **53,205,677** |

The movements in the allowance for impairment in respect of trade receivables during the year are shown below:

| | Not credit impaired RM | Credit impaired RM | Total RM |
|---|---|---|---|
| **Balance at 1 April 2021** | 2,325 | 15,342,750 | 15,345,075 |
| Net remeasurement of loss allowance | - | 646,916 | 646,916 |
| **Balance at 31 March 2022/ 1 April 2022** | 2,325 | 15,989,666 | 15,991,991 |
| Net remeasurement of loss allowance | | 364,748 | 364,748 |
| **Balance at 31 March 2023** | | | **16,356,738** |

**Other receivables, lease receivables and deposits**

Risk management objectives, policies and processes for managing the risk

Credit risks on other receivables, lease receivables and deposits are mainly arising from deposits paid for office buildings and fixtures rented. These deposits will be received at the end of each lease terms. The Company manages the credit risk together with the leasing arrangement.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

The following table provides information about the exposure to credit risk for other receivable, lease receivables and deposits balances.

| | Gross carrying amount RM | Impairment loss allowances RM | Net balance RM |
|---|---|---|---|
| **2023** | | | |
| Other receivables | 7,807,882 | (780,049) | 7,027,833 |
| Deposits | 549,598 | (6,000) | 543,598 |
| Lease receivables | 6,040,397 | - | 6,040,397 |
| | **14,397,877** | **(786,049)** | **13,611,828** |

Recognition and measurement of impairment loss (continued)

| | Gross carrying amount RM | Impairment loss allowances RM | Net balance RM |
|---|---|---|---|
| **2022** | | | |
| Other receivables | 10,585,673 | (580,469) | 10,005,204 |
| Deposits | 342,953 | (6,000) | 336,953 |
| Lease receivables | 10,606,588 | - | 10,606,588 |
| | **21,535,214** | **(586,469)** | **20,948,745** |

The movement of allowance account used to record the impairment are as follows:

| | Other receivables RM | Deposits RM | Total RM |
|---|---|---|---|
| Balance at 1 April 2021 | 576,941 | 6,000 | 582,941 |
| Impairment loss recognised | 3,528 | - | 3,528 |
| Balance at 31 March 2022/1 April 2022 | 580,469 | 6,000 | 586,469 |
| Impairment loss recognised | 199,578 | - | 199,578 |
| Balance at 31 March 2023 | **780,047** | **6,000** | **786,047** |

Other than the impairment losses made, the Company is of the view that the loss allowance is not material in relation to the other receivables, lease receivables and deposits balances at financial year end and hence, it is not provided for.

**Cash and cash equivalents**

Risk management objectives, policies and processes for managing the risk

The cash and cash equivalents are held with banks and financial institutions.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

**Inter-company balances**

Risk management objectives, policies and processes for managing the risk

The Company trades with its ultimate holding company and related companies and provides advances to a related party. The Company monitors the results of the related companies and ultimate holding company on individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

Generally, the Company considers receivables from its ultimate holding company and related companies to have low credit risk. The Company assumes that there is a significant increase in credit risk when the financial position of its ultimate holding company and related companies deteriorate significantly. As the Company is able to determine the timing of payments of the balances when they are payable, the Company considers the balances to be in default when the ultimate holding company and related companies are not able to pay when demanded. The Company considers the ultimate holding company's or a related company's balances to be credit impaired when:

- The ultimate holding company or a related company is unlikely to repay its balance to the Company in full.

- The ultimate holding company or a related company is continuously loss making and is having a deficit shareholder's fund.

The Company determines the profitability of default for the receivables individually using internal information available.

The following table provides information about the exposure to credit risk for inter-companies balances.

| | Gross carrying amount RM | Impairment loss allowance RM | Net balances RM |
|---|---|---|---|
| **2023** | | | |
| Amount due from ultimate holding company | 21,795,281 | - | 21,795,281 |
| Amount due from related company | 79,907,892 | - | 79,907,892 |
| | **101,703,173** | **-** | **101,703,173** |
| **2022** | | | |
| Amount due from ultimate holding company | 32,534,039 | - | 32,534,039 |
| Amount due from related company | 33,550,329 | - | 33,550,329 |
| | **66,084,368** | **-** | **66,084,368** |

The movement of allowance account used to record the impairment are as follows:

| | Credit impaired RM |
|---|---|
| **Balance at 1 April 2021** | 4,974,597 |
| Exchange loss during the year | 8,369 |
| Reversal of impairment loss | (4,982,966) |
| **Balance at 31 March 2022/1 April 2022** | - |
| Exchange loss during the year | |
| Reversal of impairment loss | - |
| **Balance at 31 March 2023** | - |

The Company did not recognise any allowances for impairment loss as the Company is of the view that the loss allowances is not material and hence, it is not provided for.

**16.5 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its various payables.

The Company maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

**Maturity analysis**

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period:

| 2023 | Carrying amount RM | Discount rate | Contractual cash flows RM | Under 1 year RM | More than 1 year RM |
|---|---|---|---|---|---|
| Non-derivative financial liabilities | | | | | |
| Lease liabilities | 8,593,825 | 2.75% | 8,756,996 | 6,245,926 | 2,511,070 |
| Trade payables | 81,986,806 | | 81,986,806 | 81,986,806 | - |
| Other payables | 15,820,254 | | 15,820,254 | 15,820,254 | - |
| | **106,400,884** | | **106,564,056** | **104,052,986** | **2,511,070** |
| **2022** | | | | | |
| Non-derivative financial liabilities | | | | | |
| Lease liabilities | 8,124,012 | 2.75 - 4.90 | 8,492,718 | 3,266,429 | 5,226,289 |
| Trade payables | 63,041,070 | - | 63,041,070 | 63,041,070 | - |
| Other payables | 29,247,499 | - | 29,247,499 | 29,247,499 | - |
| | **100,412,581** | | **100,781,287** | **95,554,998** | **5,226,289** |

**16.6 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Company's financial position or cash flows. The Company is not exposed to other price risk.

**16.6.1 Currency risk**

The Company is exposed to foreign currency risk on services rendered that are denominated in a currency other than the functional currency of the Company. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro Dollar ("EUR"), Indian Rupee ("INR") and Australian Dollar ("AUD").

Risk management objectives, policies and processes for managing the risk

The Company ensures that the net exposure is kept to an acceptable level by monitoring the fluctuation of the foreign currency.

Exposure to foreign currency risk

The Company's exposure to foreign currency (a currency which is other than the functional currency of the Company) risk, based on carrying amounts as at the end of the reporting period are as follows:

| | Denominated in | | | |
|---|---|---|---|---|
| | **USD** | **EUR** | **INR** | **SGD** |
| **2023** | **RM** | **RM** | **RM** | **RM** |
| **Balances recognised in the statement of financial position** | | | | |
| Cash and cash equivalents | 11,063,214 | - | - | - |
| Trade receivables | 21,455,855 | 53,453 | - | - |
| Other receivables | 7,319,439 | - | - | - |
| Trade payables | 541,530 | - | 22,048 | - |
| Other payables | - | - | - | - |
| | **40,380,039** | **53,453** | **22,048** | **-** |

| | | | | |
|---|---|---|---|---|
| **2022** | | | | |
| **Balances recognised in the statement of financial position** | | | | |
| Cash and cash equivalents | 8,850,073 | - | - | - |
| Trade receivables | 15,330,248 | 318,526 | - | 4,065,926 |
| Other receivables | 11,043,228 | - | - | - |
| Trade payables | (305,403) | - | - | - |
| Other payables | (4,226,147) | - | (306,039) | - |
| | **30,691,999** | **318,526** | **(306,039)** | **4,065,926** |

**Currency risk sensitivity analysis**

A 5 % (2022: 5%) strengthening of USD, EUR, INR and AUD against the following currencies at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant.

| | **Profit or loss** | |
|---|---|---|
| | **2023 RM** | 2022 RM |
| USD | **2,115,145** | 1,461,524 |
| EUR | **2,800** | 19,477 |
| INR | | (42,830) |
| SGD | | 193,616 |
| HKD | **1,155** | 4,309 |
| | **2,119,100** | 1,636,096 |

A 5% (2020: 5%) weakening of USD, EUR, INR and AUD against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

**16.6.2 Interest rate risk**

The Company's fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

**Exposure to interest rate risk**

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period, was:

| | **2023 RM** | 2022 RM |
|---|---|---|
| Fixed rate instruments | | |
| Financial assets | **23,918,932** | 45,130,277 |

**Interest rate risk sensitivity analysis**

**Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting year would not affect profit or loss.

**16.7 Fair value information**

The carrying amounts of cash and cash equivalents and short term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

## 17. Capital management

The Company's objectives when managing capital is to maintain a strong capital base and safeguard the Company's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

There was no change in the Company's approach to capital management during the financial year.

## 18. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Company, if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. Key management personnel include all the Directors of the Company.

The Company has related party relationship with its ultimate holding company and related companies.

**List of related parties:**

| **Name of related party** | **Nature of relationship** |
|---|---|
| Tech Mahindra Limited | Ultimate holding company |
| Sofgen Services Pte. Limited | Related company |
| Tech Mahindra Vietnam Company Limited | Related company |

**Significant related party transactions**

Related parties transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Company are shown below. The balances related to the transactions are shown in Note 5 and Note 10.

| | **2023**<br>**RM** | 2022<br>RM |
|---|---|---|
| **A. Ultimate holding company** | | |
| Service income charged to ultimate holding company | **166,993,650** | 111,535,900 |
| Reimbursement of expenses | **12,647,206** | 25,282,011 |
| **B. Related company** | | |
| Interest income | **46,393** | **82,250** |

# TECH MAHINDRA ARABIA LIMITED
**Unaudited Financial Statements for the year ended 31st March 2023.**

**Board of Directors**

Mr. Ramachandran Satyamurthi Ramachandran

Mr. Srinivas Reddy Bandam

Mr. Mohammed Ahmed Mohammed Al Baadi

Mr. Saad Abdullah Nasser Turaiki

Mr. Adil Murtuza

**Registered Office**

12th Floor, Al - Hugyat Towers,

Al Khobar 31952, Kingdom of Saudi Arabia

**Bankers**

The Saudi British Bank

# STATEMENT OF FINANCIAL POSITION

**AS AT 31 MARCH 2023**

(Expressed in Saudi Arabian Riyals)

| | Note | 2023 | 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 4 | **30,863,376** | 169,840 |
| Trade receivables and unbilled revenue | 5 | **100,708,854** | 41,735,214 |
| Prepayments and other current assets | 7 | **4,944,734** | 2,743,320 |
| **Total current assets** | | **136,516,964** | 44,648,374 |
| **Non-current assets** | | | |
| Property and equipment | 8 | **206,756** | 209,935 |
| Deferred tax assets | 9 | **722,737** | 677,639 |
| Total non-current assets | | **929,493** | 887,574 |
| **TOTAL ASSETS** | | **137,446,457** | 45,535,948 |
| **LIABILITIES AND EQUITY** | | | |
| **Current liabilities** | | | |
| Trade payables | | **1,368,609** | 710,505 |
| Due to related parties | 6 | **54,172,420** | 20,604,450 |
| Accrued expenses and other current liabilities | 10 | **40,655,059** | 12,208,485 |
| Provision for Zakat and income tax | 9 | **3,946,012** | 1,255,053 |
| **Total current liabilities** | | **100,142,100** | 34,823,736 |
| **Non-current liabilities** | | | |
| Employees' benefits | 11 | **802,913** | 672,637 |
| **Total non-current liabilities** | | **802,913** | 672,637 |
| **Total liabilities** | | **100,945,013** | 35,496,373 |
| **Equity** | | | |
| Share capital | 12 | **1,000,000** | 1,000,000 |
| Statutory Reserves | | **4,149,204** | 1,503,017 |
| Retained earnings | | **31,352,240** | 7,536,558 |
| **Total equity** | | **36,501,444** | 10,039,575 |
| **TOTAL LIABILITIES AND EQUITY** | | **137,446,457** | 45,535,948 |

See Notes to the Financial Statements in the ensuing pages which form an integral part of these financial statements.

**Ram Ramachandran**
Director

Date: June 29, 2023

**Mohmaad AlBaadi**
Director

Date: June 29, 2023

The accompanying notes (1) through (18) form an integral part of these financial statements.

# STATEMENT OF COMPREHENSIVE INCOME

**AS AT 31 MARCH 2023**

(Expressed in Saudi Arabian Riyals)

| | Note | 2023 | 2022 |
|---|---|---|---|
| Revenue | | **161,345,384** | 88,813,962 |
| Cost of revenue | | **(122,133,149)** | (68,070,020) |
| **Gross profit** | | **39,212,235** | 20,743,942 |
| General and administrative expenses | 13 | **(2,394,004)** | (4,585,048) |
| Selling expenses | 14 | **(6,372,980)** | (4,931,641) |
| Other expense | | **(59,015)** | (28,854) |
| Profit from operations | | **30,386,236** | 11,198,399 |
| Finance cost | | **(121,966)** | (130,569) |
| **Profit before Zakat and income tax** | | **30,264,270** | 11,067,830 |
| Zakat and income tax expense | 9 | **(3,891,209)** | (763,007) |
| **Net Profit for the year** | | **26,373,060** | 10,304,823 |
| **Other comprehensive income Items that will not be subsequently reclassified in statement of profit or loss** | | | |
| Re-measurement gain/(loss) on defined benefit plan | 11 | **88,809** | (45,947) |
| **Other comprehensive income/(loss) for the year** | | **88,809** | (45,947) |
| **Total comprehensive income for the year** | | **26,461,869** | 10,258,876 |

See Notes to the Financial Statements in the ensuing pages which form an integral part of these financial statements.

**Ram Ramachandran**
Director

Date: June 29, 2023

**Mohmaad AlBaadi**
Director

Date: June 29, 2023

# STATEMENT OF CHANGES IN EQUITY

**FOR THE YEAR ENDED 31 MARCH 2023**

(Expressed in Saudi Arabian Riyals)

| | Share capital | Statutory Reserves | Retained earnings /(accumulated losses) | Total |
|---|---|---|---|---|
| As of 31 March 2021 | 1,000,000 | 477,129 | (1,696,430) | (219,301) |
| Profit before tax for the year 2022 | - | - | 10,304,823 | 10,304,823 |
| Other comprehensive loss | - | - | (45,947) | (45,947) |
| Total comprehensive income for the year | - | - | 10,258,876 | 10,258,876 |
| Transfer to statutory reserve | - | 1,025,888 | (1,025,888) | - |
| **Balance as of 31 March 2022** | **1,000,00** | **1,503,017** | **7,536,558** | **10,039,575** |
| Net Profit for the year | - | - | 26,373,060 | 27,139,097 |
| Other comprehensive Income | - | - | 88,809 | 88,809 |
| Total Comprehensive income for the year | - | - | 26,461,869 | 27,139,097 |
| Transfer to statutory reserve | - | 2,646,187 | (2,646,187) | - |
| **Balance as of 31 March 2023** | **1,000,00** | **4,149,204** | **31,352,240** | **36,501,444** |

See Notes to the Financial Statements in the ensuing pages which form an integral part of these financial statements.

# STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED 31 MARCH 2023**

(Expressed in Saudi Arabian Riyals)

| | Note | 2023 | 2022 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Profit before Zakat and income tax | | **30,264,269** | 11,067,830 |
| Adjustments for: | | | |
| Provision for doubtful debts | 5 | **309,685** | 1,921,182 |
| Depreciation | 8 | **156,783** | 152,370 |
| End of service benefits | 11 | **235,355** | 221,779 |
| Finance cost | | **121,966** | 130,569 |
| | | **31,088,058** | 13,493,730 |
| Changes in operating assets and liabilities: | | | |
| Trade receivables and unbilled revenue | | **(59,283,325)** | (25,352,339) |
| Prepayments and other current assets | | **(2,201,413)** | (1,757,561) |
| Trade payables | | **658,104** | (384,873) |
| Accrued expenses and other current liabilities | | **28,401,331** | 10,754,064 |
| Due to related parties | | **33,567,970** | (2,582,373) |
| **Cash used in operations** | | **32,230,724** | (5,829,352) |
| End of service payments | 11 | **(16,270)** | (317,878) |
| Finance cost paid | | **(121,966)** | (130,569) |
| Tax payments | | **(1,245,348)** | (628,258) |
| **Net cash used in operating activities** | | **30,847,140** | (6,906,057) |
| **Cash flows from investing activities:** | | | |
| Additions to property and equipment | 8 | **(153,604)** | (111,600) |
| **Cash used in investing activities** | | **(153,604)** | (111,600) |
| **Cash flow from financing activities** | | | |
| Loan taken during the year | | **24,533,802** | - |
| Loan repaid during the year | | **(24,533,802)** | - |
| **Cash used in financing activities** | | **-** | - |
| **Net movement in cash and cash equivalents** | | **30,693,536** | (7,017,657) |
| Cash and cash equivalents at beginning of the year | | **169,840** | 7,187,497 |
| **Cash and cash equivalents at end of the year** | 4 | **30,863,376** | 169,840 |

See Notes to the Financial Statements in the ensuing pages which form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2023**

(Expressed in Saudi Arabian Riyals)

## 1 CORPORATE INFORMATION

Tech Mahindra Arabia Limited (the "Company") is a limited liability Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 2051061101 dated 16 Dhul-al-Qa'dah 1436H (corresponding to 31 August 2015G). The Company's principal activity is to provide services of application development and management, network services, business process outsourcing, information technology-enabled services, system integration, IT networking, IT security and supply of products (hardware, software and structured cabling).

The Company's registered office is in Al Khobar, Kingdom of Saudi Arabia.

## 2 BASIS OF PREPARATION

### a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium Sized Entities ("IFRS for SMEs") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

### b) Basis of measurement

The accompanying financial statements have been prepared under the historical cost convention on the accrual basis of accounting except otherwise stated in notes to the financial statements.

### c) Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

### d) Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyals (SAR), which is the functional and reporting currency of the Company.

### e) Significant accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS for SMEs as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by SOCPA requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### f) Significant accounting estimates and assumptions (continued)

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### i. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or Cash Generating Unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arms' length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget and marketing terms forecast for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

**ii. Useful lives and residual values of property and equipment**

The management determines the estimated useful lives and residual values of property and equipment for calculating depreciation. These estimates are determined after considering expected usage of the assets and physical wear and tear. Management reviews the residual values and useful lives annually and change in depreciation charges, if any, are adjusted in current and future periods.

**iii. Provision for impairment of trade receivables**

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the agreement. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators of objective evidence that the trade receivable is impaired. For significant individual amounts, assessment is made on an individual basis. Amounts which are not individually significant, but are overdue, are assessed collectively and a provision is recognized considering the length of time and past recovery rates.

**iv. Zakat and income tax**

The Company is subject to income tax to the extent of foreign shareholding and Zakat to the extent of the GCC shareholders in accordance with the Zakat, Tax and Customs Authority (“ZATCA”) regulations. Income taxes and Zakat are provided on an accrual basis. Income tax and Zakat computation involves relevant knowledge and judgment of the Zakat and income tax rules and regulations to assess the impact of income tax and Zakat liability at a particular period end. This liability is considered an estimate until the final assessment by ZATCA is carried out until which the Company retains exposure to additional Zakat and income tax liability.

**v. Provision and contingencies**

A provision is recognized 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. The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

**vi. Employees’ benefits**

The cost of defined benefit and the present value of the related obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, withdrawal before normal retirement age, mortality rates etc. Due to the complexity of the valuation, the underlying assumptions 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, yield and duration of Saudi government bonds obligation with at least an ‘A’ rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation, is considered. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are removed from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

Age-wise “moderate” withdrawal rates are used in carrying out the valuation. These age-wise withdrawal rates are generally used in the MENA region to carry out the actuarial valuation of end of service benefit (EOSB) schemes.

The rates assumed are based on the WHO SA16 – 75% ultimate mortality tables, rated down one year. In the absence of any standard mortality tables in the region, these rates are generally used in Kingdom of Saudi Arabia in carrying out the actuarial valuation of EOSB schemes. If any other mortality table is used it will not make any significant difference in the results.

**vii. Revenue**

As part of application of percentage of completion method on long term contracts, the cost to complete the project is estimated. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of contracts. Such estimates are reviewed at regular intervals. Any subsequent changes in the estimated cost to complete may affect the results of the subsequent periods.

**3. Significant Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in the financial statements except otherwise stated:

**a) Statutory Reserve**

In accordance with Saudi Arabian Regulations for Companies, the Company must set aside 10% of its income after deducting losses brought forward in each year. The Company may resolve to discontinue such transfer when the reserve equal to 50% of the capital. The reserve is not available for distribution.

**b) Cash and cash equivalents**

Cash and cash equivalents comprise of cash with banks and other short-term highly liquid investments, if any, with original maturities of three months or less, which are available to the Company without any restrictions.

**c) Trade receivables**

Trade receivables are carried at original invoice amount less provision for doubtful debts. A provision against doubtful debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Such provisions are charged to the statement of comprehensive income and reported under “General and administrative expenses”. When a trade receivable is uncollectible, it is written-off against the provision for doubtful debts. Any subsequent recoveries of amounts previously written-off are credited to the statement of comprehensive income.

**d) Property and equipment**

Property and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the asset. All other expenditure is recognized as an expense in the statement of comprehensive income when incurred.

Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives of assets are as follows:

| Asset category | Number of years |
|---|---|
| Furniture & fixtures | 5 |
| Office equipment | 5 |
| Machinery and equipment | 5 |
| Computer equipment | 3 |

Gain and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment at the time of disposal and is recognized in the statement of comprehensive income.

**e) Provisions and contingent liabilities**

Provisions are recognized for liabilities of uncertain timing or amount, when the Company has a legal or constructive obligation arising 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.

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. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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.

All possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or all present obligations arising from past events but not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability; assessed at each financial position date and disclosed in the financial statements under contingent liabilities.

**f) Trade payable and accruals**

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Company.

**g) Employees' benefits**

Employees' benefits required by Saudi Labor and Workman Law are accrued by the Company and charged to the statement of comprehensive income. The liability is calculated as a defined benefit obligation at the current value of the vested benefits to which the employee is entitled, should the employee leave at the reporting date. Benefit payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia.

The liability or asset recognised in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit cost method.

The present value of the defined benefit obligation is determined by discounting the estimated future outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefit will be paid and that have terms approximating the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employees' benefit expense in the statement of comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in statement of comprehensive income. They are included in retained earnings / accumulated losses in the statement of comprehensive income and in the statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of comprehensive income as past service costs.

**h) Zakat and income taxes**

In accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA") (formerly General Authority of Zakat and Tax (GAZT), the Company is subject to income tax and Zakat. Provision for income tax and Zakat is charged to the statement of comprehensive income. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

Deferred income tax is recognized on all major temporary differences between accounting income and taxable income during the year in which such differences arise, and are adjusted when related temporary differences are reversed. Deferred income tax assets on carry-forward losses are recognized to the extent that it is probable that future taxable income will be available against which such carry-forward tax losses can be adjusted. Deferred income tax is determined using tax rate which has been enacted by the statement of financial position date and is expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The Company withholds taxes on certain transactions with non-resident parties, including dividend payments to the shareholders, in the Kingdom of Saudi Arabia as required under the Saudi Arabian Income Tax Law.3.

**i) Revenue recognition**

Revenue is recognized to the extent of the following recognition requirements:

- it is probable that the economic benefits will flow to the Company,
- it can be reliably measured, regardless of when the payment is being made; and
- the cost incurred to date and expected future costs are identifiable and can be measured reliably.

Revenue is measured at the fair value of the consideration received or the contractually defined terms of payment. The specific recognition criteria described below must also be met before the revenue is recognized.

Revenue on long term contracts, where the outcome can be estimated reliably, is recognized under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of a contract. When the current estimate of total contract costs and revenues indicate a loss, provision is made for the entire loss on the contract irrespective of the amount of work done. Progress payments and advances received from customers in respect of contracts are deducted from the amount of contract work in progress and excess payments on contracts are shown as a liability.

Revenue recognized in excess of billings represents the value of work performed but not yet billed as at year-end. Billings in excess of revenue earned included in current liabilities represent the excess of amounts billed over the value of work performed at the year-end.

**j) Foreign currency translation**

Transactions denominated in foreign currencies are translated to Saudi Arabian Riyals at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Saudi Arabian Riyals at the exchange rate ruling at that date. Exchange differences arising on translation are recognized in the statement of comprehensive income.

**k) Expenses**

Selling, general and administrative expenses include direct and indirect costs not specifically part of costs of revenue. Allocations between selling, general and administrative expenses and costs of revenue, when required, are made on a consistent basis.

**l) Leases**

Leases are classified as finance lease whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the Company as lessee. Other leases are classified as operating leases. Payments made under operating leases are recognized in the statement of comprehensive income over the terms of the lease.

**m) Financial instruments**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

**Financial assets**

**Measurement**

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Management determines the classification of the financial asset at the time of initial recognition.

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. For purposes of subsequent measurement financial assets are classified in four categories, financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial investments.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. Loans and receivables comprise of loans, advances, deposits, prepayments, other receivables and cash and cash equivalents. After initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method, less any impairment. Restructured/ rescheduled receivables are recorded at revised terms and conditions as approved by the management. Restructuring policies and practices are based on indicators or criteria which, indicate that payment will most likely continue.

**Financial liabilities**

Measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss or other financial liabilities, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. The measurement of financial liabilities depends on their classification as financial liabilities at fair value through profit or loss or "other financial liabilities". The Company has not designated any financial liability as fair value through profit or loss.

The Company's financial liabilities include trade payable and other liabilities.

**Derecognition**

Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. On derecognition of a financial asset or financial liability, the difference between the carrying amount and the consideration received (and receivable) or paid (and payable) is recognised in the statement of comprehensive income.

## 4. CASH AND CASH EQUIVALENTS

| | **2023** | 2022 |
|---|---|---|
| Bank balances | **10,832,004** | 169,840 |
| Short term deposit | **20,031,372** | - |
| | **30,863,376** | 169,840 |

## 5. TRADE RECEIVABLES AND UNBILLED REVENUE

| | **2023** | 2022 |
|---|---|---|
| Trade receivables | **55,361,350** | 26,304,057 |
| Unbilled revenue | **51,229,184** | 21,003,152 |
| Less: provision for doubtful debts | **(5,881,680)** | (5,571,995) |
| | **100,708,854** | 41,735,214 |

**Movement in provision for doubtful debts is as follows:**

| | **2023** | 2022 |
|---|---|---|
| Opening balance | **5,571,995** | 3,650,813 |
| Add: provision made during the year (Note 13) | **309,685** | 1,921,182 |
| Closing balance | **5,881,680** | 5,571,995 |

Unbilled revenue includes revenue recognized in relation to work performed on contracts not billed as of the end of the reporting period and where services have been performed in accordance with the terms of respective contracts with customers.

## 6. related party transactions and balances

The related parties of Company comprise the shareholders, their affiliated companies, Board of Directors and key management personnel. The Company enters into transactions with the related parties in the normal course of its business. These transactions normally include providing and receipt of services, expenses incurred by / on behalf of related parties and are entered into mutually agreed terms as approved by the Company's management, with the following entities.

| **Related party** | **Relationship** |
|---|---|
| Midad Holding Company, Kingdom of Saudi Arabia | Shareholder |
| Tech Mahindra Limited, India | Shareholder |
| Tech Mahindra America, America | Other related party |
| Comviva Technologies Ltd, India | Other related party |
| LLC UK Ltd | Other related party |

The following are details of significant related party transactions during the year:

| Related party | Nature | 2023 | 2022 |
|---|---|---|---|
| Tech Mahindra Limited | Subcontract cost | **45,815,104** | 18,790,363 |
| | Expenses reimbursed by shareholder | **1,287,381** | 1,961,809 |
| | VAT/Service taxes | **-** | (92,845) |
| Comviva Technologies Ltd | Payments made | **(18,052,099)** | (23,427,390) |
| | Subcontract cost | **12,105,205** | - |
| | Payments made | **(6,382,106)** | - |
| | Withholding Tax | **(1,238,856)** | - |
| LLC UK Ltd | Loan Taken | **9,500,000** | - |
| | Loan Repayment | **(9,500,000)** | - |
| | Loan Taken | **15,033,802** | - |
| Tech Mahindra America | Interest Expense | **121,966** | - |
| | Loan Repayment | **(15,033,802)** | - |
| | Withholding Tax | **(6,040)** | - |

The following is a summary of balances due from / due to related parties:

| Due to related parties | 2023 | 2022 |
|---|---|---|
| Tech Mahindra Limited | **49,654,837** | 20,604,450 |
| Comviva Technologies Ltd | **4,484,242** | - |
| Tech Mahindra America | **31,371** | - |
| | **54,170,451** | 20,604,450 |

**Key management personnel compensation:**

There is a compensation at group level to directors and other members of key management (including salaries and benefits) in the year 2023 and 2022.

**Transfer pricing**

On 31 January 2019, the Zakat, Tax and Customs Authority (“ZATCA”) (formerly General Authority of Zakat and Tax (GAZT) issued Transfer Pricing Bylaws (By-laws). These By-laws were enacted on 15 February 2019 as part of the tax law and became binding on tax payers for periods ending on or after 31 December 2018. This requires additional disclosure forms along with annual tax returns to be submitted to ZATCA, summarizing the related party transactions, counter parties including country, amount and Transfer Pricing method. Management has submitted disclosure form to ZATCA for the year ended 31 March 2022 in compliance with By-Laws. During the year, Management does not expect any adjustment on account of Transfer Pricing.

## 7. PREPAYMENTS AND OTHER CURRENT ASSETS

| | 2023 | 2022 |
|---|---|---|
| Prepaid Asset | **2,251,387** | - |
| Security deposits | **2,025,689** | 1,965,689 |
| Prepayments | **365,960** | 575,243 |
| Advances to employees | **215,684** | 124,019 |
| Others | **86,013** | 78,369 |
| | **4,944,734** | 2,743,320 |

## 8. Property and equipment

| | Furniture & fixtures | Machinery and equipment | Office equipment | Computer equipment | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 April 2022 | 478,452 | 252,655 | 34,020 | 448,622 | 1,213,749 |
| Additions | - | - | - | 153,604 | 153,604 |
| At 31 March 2023 | **478,452** | **252,655** | **34,020** | **602,226** | **1,367,353** |
| **Accumulated depreciation** | | | | | |
| At 1 April 2022 | 400,227 | 231,097 | 22,679 | 349,811 | 1,003,814 |
| Charge for the year | 50,852 | 13,938 | 5,882 | 86,110 | 156,783 |
| At 31 March 2023 | **451,079** | **245,035** | **28,562** | **435,921** | **1,160,597** |
| **Carrying amount as at:** | | | | | |
| **31 March 2023** | **27,373** | **7,620** | **5,458** | **166,305** | **206,756** |
| 31 March 2022 | 78,225 | 21,558 | 11,341 | 98,811 | 209,935 |

## 9. ZAKAT AND INCOME TAX

a) Zakat and income tax expenses for the year

| | **2023** | 2022 |
|---|---|---|
| Income tax | **3,183,923** | 1,065,298 |
| Zakat | **752,384** | 375,348 |
| Deferred tax | **(45,099)** | (677,639) |
| | **3,891,209** | 763,007 |

b) The principal elements of the Zakat base of the Company are as follows:

| | **2023** | 2022 |
|---|---|---|
| Non-current assets | **929,493** | 887,574 |
| Non-current liabilities | **802,913** | 672,637 |
| Opening shareholders' equity | **10,039,575** | (219,301) |
| Profit before Zakat | **30,264,269** | 11,067,830 |

Some of these amounts have been adjusted in arriving Zakat charge for the year.

Income tax charge for the year ended 31 March 2023 and 2022 is based on the adjusted taxable income calculated on the portion of equity owned by a foreign shareholder.

c) Provision for Zakat and income tax

| | **2023** | | | 2022 |
|---|---|---|---|---|
| | **Zakat** | **Income tax** | **Total** | Total |
| Balance at the beginning of the year | **227,420** | **1,027,633** | **1,255,053** | 442,665 |
| Charge for the year | **752,384** | **3,183,923** | **3,936,308** | 1,440,646 |
| Payment made during the year | **(209,290)** | **(1,036,058)** | **(1,245,348)** | (628,258) |
| Balance at the end of the year | **770,514** | **3,175,498** | **3,946,013** | 1,255,053 |

The Company submitted its Zakat and income tax returns up to the year ended 31 March 2022 within the statutory deadlines and received the Zakat and income tax certificates. The Company has not received any assessments from Zakat, Tax and Customs Authority ("ZATCA") since its inception.

d) Deferred tax asset

| | 2023 | 2022 |
|---|---|---|
| The balance comprises of temporary differences attributable to; | | |
| Property and equipment | **40,909** | 51,799 |
| Employees' benefits and other provisions | **681,828** | 625,840 |
| | **722,737** | 677,639 |

e) Movement in deferred tax assets

| | 2023 | 2022 |
|---|---|---|
| Balance as at 1 April | **677,639** | - |
| Add: Credit for the year | **45,098** | 677,639 |
| Balance as at 31 March | **722,737** | 677,639 |

## 10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

| | 2023 | 2022 |
|---|---|---|
| Unearned Revenue | **23,458,805** | 45,243 |
| Accrued expenses | **11,199,265** | 7,124,019 |
| Value added tax payable | **4,041,801** | 1,241,156 |
| WHT Payable | **1,513,312** | 3,545,026 |
| Staff related accruals | **228,135** | 150,900 |
| Others | **213,741** | 147,384 |
| | **40,655,059** | 12,253,728 |

## 11. EMPLOYEES' BENEFITS

The Company operates an approved unfunded employees' end of service benefits scheme / plan for its permanent employees. The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components.

| | 2023 | 2022 |
|---|---|---|
| Opening balance | **672,637** | 722,789 |
| **Net Benefit expense recognised in statement of income:** | | |
| Current service cost | **217,413** | 214,449 |
| Interest cost | **17,942** | 7,330 |
| | **235,355** | 221,779 |
| Actuarial loss on obligation | **(88,809)** | 45,947 |
| Benefits paid during the year | **(16,270)** | (317,878) |
| Closing balance | **802,913** | 672,637 |

**Actuarial assumptions**

The following were the principal actuarial assumptions at the reporting date:

| | 2023 | 2022 |
|---|---|---|
| Discount rate | **5.40%** | 2.70% |
| Salary increase rate | **3.00%** | 3.00% |

**Sensitivity analysis**

A sensitivity analysis for the discount rate and future salary change assumption on the EOSB obligation as at 31 March 2022 is shown in the table below:

| | Impact on defined benefit obligation – Increase / (decrease) | | | | | |
|---|---|---|---|---|---|---|
| | 31 March 2023 | | | 31 March 2022 | | |
| | Change in assumption | Increase in assumption | Decrease in assumption | Change in assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 0.5% | (15,748) | 16,368 | 0.5% | (13,222) | 13,770 |
| Salary growth | 0.5% | 16,694 | (16,211) | 0.5% | 13,685 | (13,266) |

Expected maturity analysis of undiscounted defined benefit obligation is as follows:

| | Less than a year | Between 1-2 years | Between 2-5 years | Over 5 years |
|---|---|---|---|---|
| Defined benefit obligation 31 March 2023 | 154,528 | 198,351 | 694,191 | 1,149,312 |
| Defined benefit obligation 31 March 2022 | 112,889 | 198,348 | 803,789 | 1,046,350 |

The weighted average duration of defined benefit obligation as of 31 March 2023 was 3 years (31 March 2022: 3 years).

## 12. SHARE CAPITAL

As of 31 March 2023 and 2022, the share capital of the Company is divided into 1,000 shares of SR 1000 each and held as follows:

| Name | Country | No. of shares | Value | % of Holdings |
|---|---|---|---|---|
| Tech Mahindra Limited | India | 510 | 510,000 | 51% |
| Midad Holding Company | Kingdom of Saudi Arabia | 490 | 490,000 | 49% |
| | | **1,000** | **1,000,000** | **100%** |

## 13. GENERAL AND ADMINISTRATIVE EXPENSES

| | **2023** | 2022 |
|---|---|---|
| Rent Expense | **627,303** | 535,900 |
| Insurance | **424,417** | 420,747 |
| Legal and professional expenses | **332,878** | 568,623 |
| Provision for doubtful debts (refer note 5) | **309,685** | 1,984,183 |
| Office Expenses | **282,688** | 273,828 |
| Others | **260,250** | 368,055 |
| Depreciation (refer note 8) | **156,783** | 152,370 |
| Travelling Expenses | **-** | 281,342 |
| | **2,394,004** | 4,585,048 |

## 14. SELLING EXPENSES

| | **2023** | 2022 |
|---|---|---|
| Employees' related cost | **4,642,441** | 4,482,393 |
| Others | **1,089,483** | 25,545 |
| Travelling Expense | **576,423** | 213,904 |
| Office Expenses | **64,633** | 209,799 |
| | **6,372,980** | 4,931,641 |

**15. COMMITMENTS AND CONTINGENCIES**

Operating lease commitments – Company as lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases are charged to statement of comprehensive income on a straight-line basis over the period of the lease.

The operating lease payments represent rentals for office premises. Lease rentals are fixed and negotiated for an average term of one year.

| | **2023** | 2022 |
|---|---|---|
| Payments under operating leases recognised as expenses during the year | **627,303** | 535,900 |
| | **627,303** | 535,900 |

**Contingent liabilities**

Contingent Liability for Taxation Matters

| **Quarter** | **Tax Cases** | **Contingent liability as on 31 March 23** | **Contingent liability as on 31 March 22** | **Remarks** |
|---|---|---|---|---|
| Mar 18 | Input tax credit rejection | - | 175,671 | ZATCA decided the matter in favour of TMAL and initial liability was discarded. |
| Sept 18 | Input tax credit rejection | - | 311,671 | ZATCA decided the matter in favour of TMAL and initial liability was discarded. |
| Dec 19 | Input tax credit rejection and Output on Vat addition | - | 413,582 | ZATCA finalised the amount from SR 413,582 to SR 95,318 and the same was paid in amnesty scheme. TML appealed against order and case was ruled in our favour. |
| Dec 20 | Input tax credit rejection and Output on Vat addition | - | 321,166 | ZATCA finalised the amount from SR 321,166 to SR 27,955 and the same was paid in amnesty scheme. TMAL accepted the final amount by ZATCA and did not appeal further. |

Bank guarantees

Bank Guarantees outstanding as at 31 March 2023: NIL (2022: SAR 3,133,337).

The Company has no other significant contingent liabilities as at 31 March 2023 other than above.

**16. FINANCIAL INSTRUMENTS**

Financial instruments carried on the statement of financial position include cash and cash equivalents, trade receivable and certain other current assets, trade payables, due to and due from related parties and certain other liabilities.

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As these financial statements are prepared under the historical cost convention, differences may arise between the book values and the fair value estimates. Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values.

Credit risk is the risk that one party will fail to discharge an obligation and may cause the other party to incur a financial loss. Cash and cash equivalents are placed with national banks with sound reputation. Trade and other receivables are mainly due from local customers and related parties, which were stated at their estimated realizable values. The Company establishes a provision for doubtful receivables that reports its estimate of incurred losses in respect of trade and other receivables.

Currency risk is the risk that the value of a financial instrument may fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals and United States Dollars. As US Dollar is pegged to Saudi Riyal, management believes that the impact of currency risk due to United States Dollar on the Company is not significant. The Company monitors the fluctuations in exchange rates and manages its foreign currency risk by monitoring the currency rate fluctuations on regular basis.

Interest rate risk is the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Company's financial position and cash flows. The Company is not exposed to interest rate risk.

Liquidity risk is the risk that an enterprise may encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to realize the values of financial assets at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet the Company's future commitments.

**17. SUBSEQUENT EVENTS**

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). Management is in process of assessing the impact of the New Companies Law and will amend its Articles of Association for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended Articles of Association to the shareholder in their Annual General Assembly meeting for their ratification.

On 7 April 2023, the Board of Directors of Zakat, Tax, and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia (KSA) announced the approval of the proposed amendments to the Transfer Pricing Bylaws (TP Bylaws) to bring the following into effect: a) extend applicability of the Transfer Pricing (TP) provisions to Zakat paying entities; and b) introduced Advance Pricing Agreements (APA) provisions for Tax payers and Zakat payers. The amendments will be applicable for Financial Years (FYs) starting on or after 1 January 2024. Under these new requirements, Zakat paying entities will need to ensure that their transactions with related parties are priced at arm's length and will be required to submit a TP disclosure form and TP Affidavit with their Zakat returns along with other compliances as stipulated in the TP Bylaws. Currently management is assessing the impact of these amendments on transactions with related parties and will make necessary changes in policies, procedures and agreements with its related parties to comply with the requirement of TP Bylaws.

**18. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved for issue by Board of Directors on 29 Dhual-Qa'dah 1443H corresponding to 28 June 2022.

# SOFGEN HOLDINGS LIMITED

**UNAUDITED FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 31ST MARCH 2023**

**Board of Directors:**
Alexander Dembitz
Vikram Narayanan Nair
Vivek Satish Agarwal

**Company Secretary:**
Hive Management Services Limited

**Independent Auditors:**
KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon street
1087 Nicosia
Cyprus

**Registered office:**
229, Arch. Makarios III Ave. Meliza Court, 4th Floor
3105, Limassol
Cyprus

**Bankers:**
UBS Switzerland AG
HSBC Trinkaus & Burkhardt AG
Banco Bilbao Vzcaya Argentaria S.A.

**Registration number:**
HE230012

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

**FOR THE YEAR ENDED 31 MARCH 2023**

| | Note No. | 31 March 2023 (€) | 31 March 2022 (€) |
|---|---|---|---|
| **Revenue** | 8 | **3,029,091** | 1,685,967 |
| Cost of sales | 9 | **(2,367,962)** | (2,181,131) |
| **Gross loss** | | **661,129** | (495,164) |
| Investment gain and other expenses | 10 | **2,580,637** | 251,095 |
| Administration and other operating expenses | 11 | **(410,608)** | (423,113) |
| Other income | 12 | **127,715** | 99,782 |
| **Operating profit** | | **2,958,873** | (564,700) |
| Net finance costs | 13 | **230,676** | 274,803 |
| **Profit/(Loss) before tax** | | **3,189,549** | (292,597) |
| Tax expense/ (credit) | 14 | **2,059** | (213,836) |
| **Profit/(Loss) for the year** | | **3,187,490** | (506,433) |
| **Other comprehensive income** | | | |
| Items that will not be classified subsequently to profit or loss: | | | |
| Remeasurements of postemployment benefit obligations | | **-** | - |
| Items that may be classified subsequently to profit or loss: | | | |
| Exchange difference arising on the translation and consolidation of foreign operations | | **(538,857)** | 5,589 |
| | | **(538,857)** | 5,589 |
| **Other comprehensive income for the year** | | **(538,857)** | 5,589 |
| **Total comprehensive income for the year** | | **2,648,633** | (500,844) |

# STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

| | Note No. | 31-March-2023 (€) | 31-March-2022 (€) |
|---|---|---|---|
| **ASSETS** | | | |
| **Noncurrent assets** | | | |
| Property, plant, and equipment | 15 | **-** | - |
| Investments in subsidiaries | 17 | **867** | 867 |
| Loan Given to Subsidiary | 27 | **-** | - |
| Financial assets at amortised cost | 18 | **-** | 69,203 |
| Trade and other receivables | 19 | **332,972** | 338,434 |
| Deferred tax assets | 23 | **-** | - |
| | | **333,839** | 408,504 |
| **Current assets** | | | |
| Trade and other receivables | 19 | **1,668,387** | 6,234,690 |
| Financial Assets at Amortised Cost | | **68,086** | - |
| Cash and bank balances | 20 | **2,053,762** | 1,813,445 |
| | | **3,790,235** | 8,048,135 |
| **TOTAL ASSETS** | | **4,124,074** | 8,456,639 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 21 | **13,739,910** | 13,739,910 |
| Share premium | | **5,657,957** | 5,657,956 |
| Other reserves | | **2,459,969** | 2,998,826 |
| Accumulated losses | | **(18,145,473)** | (21,332,963) |
| **Total equity** | | **3,712,363** | (1,063,729) |
| **Noncurrent liabilities** | | | |
| Trade and other payables | 24 | **-** | - |
| Deferred tax liabilities | 23 | **-** | - |
| **Current liabilities** | | | |
| Trade and other payables | 24 | **403,605** | 3,665,692 |
| Deferred Income | 25 | **6,417** | 6,100 |
| Borrowings | 22 | **-** | 3,720,000 |
| Current tax liabilities | 26 | **1,689** | 1,117 |
| | | **411,711** | 7,392,909 |
| **Total liabilities** | | **411,711** | 7,392,909 |
| **TOTAL EQUITY AND LIABILITIES** | | **4,124,074** | 8,456,639 |

**Alexander Dembitz**
Director

**Vivek Satish Agarwal**
Director

# STATEMENT OF CASH FLOWS

**AS AT 31 MARCH, 2023**

| CASH FLOWS FROM OPERATING ACTIVITIES | Note No. | 31-March-2023 (€) | 31-March-2022 (€) |
|---|---|---|---|
| **Profit / (Loss) before tax** | | **3,189,549** | (292,597) |
| Adjustments for: | | | |
| Depreciation of property, plant, and equipment | 15 | **-** | - |
| Unrealised exchange loss / (gain) | | **93,693** | 163,648 |
| Exchange difference arising on the translation and consolidation of foreign operation | | **(538,857)** | 5,589 |
| Profit from the sale of investments in subsidiaries | 10 | **-** | (195,562) |
| Profit from the sale of fixed assets | | **-** | (1,215) |
| Sundry Balances write off | 10 | **-** | 1,419 |
| Sundry Balances write back | 12 | **(13,165)** | (71,426) |
| Provision for impairment from receivables from related parties | 10 | **(2,580,637)** | (56,953) |
| Interest expense | 13 | **29,229** | 60,380 |
| | | **179,812** | (386,717) |
| **Changes in working capital:** | | | |
| Decrease/(increase) in trade and other receivables | 19 | **4,732,282** | (724,786) |
| (Decrease)/increase in trade and other payables | | **(3,233,517)** | (2,857,078) |
| Decrease in deferred income | | **316** | (62,250) |
| **Cash (used in)/generated from operations** | | **1,678,894** | (4,030,830) |
| Tax paid | | **(1,487)** | (594,108) |
| **Net cash (used in)/generated from operating activities** | | **1,677,407** | (4,624,938) |
| | | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payment for purchase of intangible assets | 16 | **-** | - |
| Payment for purchase of property, plant, and equipment | 15 | **-** | 1,261 |
| Loan Given To Related Party | | **2,340,708** | (3,151,378) |
| Proceeds from sale of investments in subsidiary undertakings | | **-** | 3,062,490 |
| Purchase of Securities (Deposit) | | **-** | - |
| Net cash generated from/(used in) investing activities | | **2,340,708** | (87,627) |
| | | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from borrowings, net | | **(3,720,000)** | (7,945,717) |
| Issue of Share Capital | | **-** | 8,377,000 |
| Interest paid | | **(57,798)** | (31,810) |
| **Net cash generated from financing activities** | | **(3,777,798)** | 399,473 |
| **Net increase in cash and cash equivalents** | | **240,316** | (4,313,092) |
| **Cash and cash equivalents at beginning of the year** | | **1,813,446** | 6,126,538 |
| **Cash and cash equivalents at end of the year** | 20 | **2,053,762** | 1,813,446 |

# STATEMENT OF CHANGES IN EQUITY

**FOR THE YEAR ENDED 31 MARCH 2023**

| | Share capital | Share premium | Actuarial gain on defined benefit obligation net of tax | Capital reserve | Translation reserve | Accumulated losses (as restated) | Total |
|---|---|---|---|---|---|---|---|
| | € | € | € | € | € | € | € |
| **Balance at 1 April 2021** | 5,362,910 | 5,657,957 | 8,380 | 3,076,894 | (92,037) | (20,826,530) | (6,812,426) |
| Net loss for the year | - | - | - | - | - | (506,433) | (506,433) |
| Shares issued and paid up | 8,377,000 | - | - | - | - | - | 8,377,000 |
| Other comprehensive income for the year | - | - | - | - | 5,589 | - | 5,589 |
| **Balance at 31 March 2022** | **13,739,910** | **5,657,957** | **8,380** | **3,076,894** | **(86,448)** | **(21,332,963)** | **1,063,730** |
| Net Profit for the year | - | - | - | - | - | 3,187,490 | 3,187,490 |
| Shares issued and paid up | - | - | - | - | - | - | - |
| Other comprehensive income for the year | - | - | - | - | (538,857) | - | (538,857) |
| **Balance at 31 March 2023** | **13,739,910** | **5,657,957** | **8,380** | **3,076,894** | **(625,305)** | **(18,145,473)** | **3,712,363** |

**1. Incorporation and principal activities**

Country of incorporation

Sofgen Holdings Limited (the ''Company'') was incorporated in Cyprus on 27 May 2008 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 229, Arch. Makarios III Ave. Meliza Court, 4th Floor, 3105, Limassol, Cyprus.

**Principal activities**

The principal activities of the Company comprise the holding of investments and provision of consultancy services. On 25 October 2018, the Company merged with its subsidiary company, Sofgen Services Limited and the provision of services for the implementation of Temenos Globus/T24 and Avaloq which are fully integrated international banking software packages expanded.

**2. Basis of preparation**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

The Company is not required by the Cyprus Companies Law, Cap.113, to prepare consolidated financial statements because the ultimate parent company publishes consolidated financial statements in accordance with Generally Accepted Accounting Principles in India and the Company does not intend to issue consolidated financial statements for the year ended 31 March 2023.

The financial statements have been prepared under the historical cost convention.

**3. Going concern basis**

The financial statements have been prepared on a going concern basis.

**4. Adoption of new or revised standards and interpretations**

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 April 2021. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements, Standards, Revised Standards and Interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a significant effect on the financial statements of the Company.

**5. Significant accounting policies**

The following accounting policies have been applied consistently for all the years presented in these financial statements.

**Subsidiary companies**

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

**Revenue**

**Recognition and measurement**

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, valueadded taxes); the transaction price. The Company includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Company's experience with similar contracts and forecasted sales to the customer.

The Company recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices ) and are committed to perform their respective obligations, the Company can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract), it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Company's contracts with customers.

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the statement of profit or loss and other comprehensive income in the period in which the circumstances that give rise to the revision become known by management.

**Identification of performance obligations**

The Company assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its standalone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

- Rendering of services

  Revenue from rendering of services is recognised over time while the Company satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered. For fixedprice contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

- Income from investments in securities

  Dividend from investments in securities is recognised when the right to receive payment is established. Withheld taxes are transferred to profit or loss. Interest from investments in securities is recognised on an accrual basis.

  Profits or losses from the sale of investments in securities represent the difference between the net proceeds and the carrying amount of the investments sold and is transferred to profit or loss.

- Dividend income

  Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

- Financing component

  The Company does not have any material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company elects to use the practical expedient and does not adjust any of the transaction prices for the time value of money.

**5. Significant accounting policies (continued)**

**Employee benefits**

The Company and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Company's contributions are expensed as incurred and are included in staff costs. The Company has a defined benefit plan for its employees in Philippines Branch.

**Defined benefit plan**

The Branch classifies its retirement benefit as defined benefit plans. Under the defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)

- Net interest expense or income

- Remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item employee benefits expense. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the statement of financial position represents the actual deficit or surplus in the Branch's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

**Finance income**

Interest income is recognised on a timeproportion basis using the effective method.

**Finance costs**

Interest expense and other borrowing costs are charged to profit or loss as incurred.

**Foreign currencies**

The financial statements are presented in the currency of the primary economic environment in which the entity operates, the Euro (€) (its functional currency).

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

**5. Significant accounting policies (continued)**

Foreign currencies (continued)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of nonmonetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of nonmonetary items in respect of which gains and losses are recognised in other comprehensive income and then in equity. For such nonmonetary items, any exchange component of that gain or loss is also recognised in other comprehensive income and then in equity.

The assets and liabilities of the Company's foreign operations (including comparatives) are expressed in Euro using exchange rates prevailing on the reporting date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Company's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed off.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

**Tax**

Income tax expense represents the sum of the tax currently payable and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

**Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straightline method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

| | |
|---|---|
| Furniture, fixtures and office equipment | 33% |
| Computer Hardware | 33% |
| Plant and machinery | 33% |

Leasehold improvements are depreciated over a straight line method at the rate of 33%.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**Deferred income**

Deferred income represents income receipts which relate to future periods.

**Computer software**

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straightline method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

**Impairment of non-financial assets**

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cashgenerating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cashgenerating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cashgenerating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cashgenerating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cashgenerating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Financial assets – Classification**

**(i) Recognition and initial measurement**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**(ii) Classification and subsequent measurement**

**Financial assets**

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive income (FVOCI) debt investment; Fair Value through Other Comprehensive income (FVOCI) equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Cash and cash equivalents**

Cash and cash equivalents comprise of cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

**Financial assets - Business model assessment**

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable-rate features;

- prepayment and extension features; and

- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses:

**Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

**Financial assets at amortised cost**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Debt investments at FVOCI**

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

**Equity investments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

**Impairment**

Financial instruments and contract assets

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 12 months past due. The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be Baa3 or higher per Moody's rating agency or BBB- or higher per Moody's Rating Agency.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over the Company is exposed to credit risk.

**Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

**Credit-impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

**(iii) Derecognition of financial assets and liabilities**

**Financial assets**

The Company derecognises a financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) when:

- the contractual rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement;
- the Company transfers the rights to receive the contractual cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**Financial liabilities**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company also derecognises a financial liability when it is replaced by another from the same lender on substantially different terms, or when the terms of the liability are substantially modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

**Financial liabilities – Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**(iv) Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities represented gross in the statement of financial position.

**Share capital**

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

**Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

**Comparatives**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

**6. Financial risk management**

Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

**6.1 Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk in relation to its noncurrent borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest bearing financial instruments was:

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Variable rate instruments | | |
| Financial assets | **2,053,762** | 1,813,445 |
| Financial liabilities | **-** | (3.720.000) |
| | **2,053,762** | (1.906.555) |

**Sensitivity analysis**

An increase of 100 basis points in interest rates at 31 March 2023 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and other equity.

| | | **Equity** | **Profit or loss** | |
|---|---|---|---|---|
| | **2023** | 2022 | 2022 | 2021 |
| | **€** | € | € | € |
| Variable rate instruments | **-** | - | 20,538 | 19,066 |
| | **-** | - | 20,538 | 19,066 |

**6.2 Credit risk**

Credit risk arises from cash and cash equivalents and trade and other receivables which are measured at amortised cost.

**(i) Risk management**

Credit risk is managed on a group basis.

For banks and financial institutions, only independently rated parties with a minimum rating that management assess as acceptable are accepted. For customers, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

Even though cash and cash equivalents are subject to the IFRS 9 impairment model, the estimated impairment amount as at 31 March 2023 was not significant. As such the Company has not recognised an impairment charge for cash and cash equivalents as at 31 March 2023.

**ii) Impairment of financial assets**

The Company has the following types of financial assets that are subject to the expected credit loss model:

- trade and other receivables (including contract assets)
- cash and cash equivalents

Trade receivables and contract assets

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables (including contract assets).

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Company defines default as a situation when the debtor is more than 360 days past due on its contractual payments. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forwardlooking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Due to the limited number of customers the Company assessed individually its trade receivables and contract assets. The Company has assessed the impact of the provisions of IFRS 9 as a result of applying the expected credit loss model and recognised a loss allowance of € 63,427 on trade receivables during the year ended 31 March 2023.

On that basis, the loss allowance as at 31 March 2023 was determined as follows for both trade receivables and contract assets:

| **31 March 2022** | Not due | 0180 days | 181365 days | More than 365 days past due | Total |
|---|---|---|---|---|---|
| | € | € | € | € | € |
| Expected loss rate | 0% | 0.9% | 2% | 100% | |
| Gross carrying amount trade receivables individually assessed | **-** | **-** | **104,655** | **41,728** | **146,383** |
| Loss allowance | **-** | **-** | **-** | **41,728** | **146,383** |

| **31 March 2023** | **Not due** | **0180 days** | **181365 days** | **More than 365 days past due** | **Total** |
|---|---|---|---|---|---|
| Expected loss rate | 0% | 0% | 2% | 100% | |
| Gross carrying amount trade receivables individually assessed | **-** | **936,104** | **-** | **63,427** | **999,531** |
| Loss allowance | **-** | **936,104** | **-** | **63,427** | **999,531** |

The closing loss allowances for trade receivables and contract assets as at 31 March 2023 reconcile to the opening loss allowances as follows:

| | **Contract assets** | **Trade receivables individually assessed** |
|---|---|---|
| | € | € |
| Opening loss allowance as at 1 April 2022 | - | 41,728 |
| Receivables written off during the year as uncollectible | - | - |
| Additional loss allowance | - | 21,698 |
| Balance at 31 March 2023 | - | 63,427 |

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Receivables from related companies

On transition to IFRS 9, the Company categorised certain receivables from related companies as nonperforming at Stage 3. A loss allowance of €8.512.096 equal to the net carrying amount of the specific receivable balances as at 31 March 2019 was recognized. There was no improvement of the credit risk as at 31 March 2020, therefore the specific receivable balances continue to be categorised under Stage 3 and additional loss allowance of €1.335.089 was recognized during FY2019-20. As on 31 March 2021, the above loss has been reduced to €4.708.927 from total loss of €9.847.185 as on 31 March 2020. As on 31 March 2022, the above loss has been reduced to €2.007.769 from total loss of €4.708.927 as on 31 March 2021. As on 31 March 2023, the above loss has increased to €2.267.362 from total loss of €2.007.769 as on 31 March 2022. The remaining receivables were classified as performing balances without any expected credit loss.

### 6.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

The table includes both interest and principal cash flows.

| 31 March 2022 | Carrying amounts | Contractual cash flows | 3 months or less | 312 months |
|---|---|---|---|---|
| | € | € | € | € |
| Loans from related companies | 3.720.000 | 3.720.000 | 3.720.000 | - |
| Trade and other payables | 106.933 | 106.933 | 106.933 | - |
| Payables to related parties | 3.005.732 | 3.005.732 | 3.005.732 | - |
| | 6.832.665 | 6.832.665 | 6,832,665 | - |

| **31 March 2023** | **Carrying amounts** | **Contractual cash flows** | **3 months or less** | **312 months** |
|---|---|---|---|---|
| | € | € | € | € |
| Loans from related companies | - | - | - | - |
| Trade and other payables | 183,906 | 183,906 | 183,906 | - |
| Payables to related parties | 90,685 | 90,685 | 90,685 | - |
| | **274,591** | **274,591** | **274,591** | **-** |

### 6.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Philippine Peso, US Dollar and the British Pounds. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

**Fair value estimation**

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

## 7. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Income taxes**

  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- Impairment of investments in subsidiaries

  The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a writedown to fair value is necessary.

- Impairment of financial assets

  The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

## 8. Revenue

| | **31-March-2023 (€)** | 31-March-2022 (€) |
|---|---|---|
| Rendering of services | **1,595,645** | 626,788 |
| Intercompany revenue (Note 27.2) | **1,433,445** | 1,059,179 |
| | **3,029,091** | 1,685,967 |

## 9. Cost of Sales

| | **31-March-2023 (€)** | 31-March-2022 (€) |
|---|---|---|
| Staff costs | **1,556,741** | 1,585,632 |
| Subcontracting charges | **811,221** | 595,499 |
| Other- Cost of services | **-** | - |
| | **2,367,962** | 2,181,131 |

9a. Staff costs

| | **31-March 2023 (€)** | 31-March-2022 (€) |
|---|---|---|
| Salaries and staff welfare | **1,500,813** | 1,529,904 |
| Social security costs | **55,928** | 55,728 |
| | **1,556,741** | 1,585,632 |

## 10. Investment gain and other expenses

| | **Note** | **31-March-2023 (€)** | 31-March-2022 (€) |
|---|---|---|---|
| Profit from sale of investments in subsidiaries | | **-** | (195,562) |
| Impairment charge investments in subsidiaries | | **-** | - |
| Sundry Balance Write off | | **-** | - |
| Provision for impairment of receivables from related parties | | **-** | - |
| Reversal of impairment of receivables from related parties | 27.4 | **(239,929)** | (990,424) |
| Impairment of Loan given to Subsidiary | 27.6 | **(2,340,708)** | 934,891 |
| Provision for Doubtful Advance | | **-** | - |
| | | **(2,580,637)** | (251,095) |

## 11. Administration and other operating expenses

| | Note | **31-March-2023 (€)** | 31-March-2022 (€) |
|---|---|---|---|
| Professional Fees | | **57,391** | 89,897 |
| Independent auditors' remuneration | | **48,911** | 18,351 |
| Rent | | **-** | 18,507 |
| Travel Expenses | | **33,331** | 18,097 |
| Provision/ (reversal) for doubtful debts | 19 | **21,698** | 8,727 |
| Other | | **249,276** | 269,534 |
| | | **410,608** | 423,113 |

## 12. Other income

| | **31-March-2023 (€)** | 31-March-2022 (€) |
|---|---|---|
| Other income | **114,551** | 28,356 |
| Profit/Loss on sale of fixed assets | **-** | - |
| Sundry Balances Written Back | **13,165** | 71,426 |
| | **127,715** | 99,782 |

## 13. Finance income

| | **31-March-2023 (€)** | 31-March-2022 (€) |
|---|---|---|
| Net foreign exchange gains | **(259,904)** | (337,085) |
| Finance income | **(259,904)** | (337,085) |
| | | |
| Interest expense | **29,229** | 60,380 |
| Sundry finance expenses | **-** | 1,901 |
| Finance costs | **29,229** | 62,282 |
| Net finance costs | **(230,676)** | (274,803) |

## 14. Tax

| | **31-March-2023 (€)** | 31-March-2022 (€) |
|---|---|---|
| Overseas tax | **2,059** | 515 |
| Deferred tax charge (Note 23) | **-** | 213,321 |
| (Credit)/charge for the year | **2,059** | 213,836 |

Note : The Company has applied for tax clearance from the tax authorities of the Branch, thus may be liable to a potential tax exposure that can not be certain to be determined up to the date of signing off of these Financial Statements.

**Tax (Continued)**

| | **31-March-2023 (€)** | 31-March-2022 (€) |
|---|---|---|
| Profit / (Loss) before tax | **3,189,549** | (292,597) |
| Tax calculated at the applicable tax rates | **23,980** | 462,981 |
| Tax effect of expenses not deductible for tax purposes | **583** | 398 |
| Tax effect of allowances and income not subject to tax | **(469)** | (566) |
| Tax effect of tax losses brought forward | **(24,094)** | (529,812) |
| Tax effect of tax loss for the year | **-** | 66,999 |
| Deferred tax | **-** | 213,321 |
| Overseas tax | **2,059** | 515 |
| Tax charge | **2,059** | 213,836 |

**15. Property, plant, and equipment (€)**

| | **Leasehold improvements** | **Plant and machinery** | **Computer Hardware** | **Furniture, fixtures, & office equipment** | **Total** |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Balance at 1 April 2021 | - | 5,458 | 10,106 | 31,217 | 46,781 |
| Additions | - | - | - | - | - |
| Write off | - | (5,359) | (8,425) | (30,648) | (44,432) |
| Exchange differences | - | (100) | (1,681) | (568) | (2,349) |
| **Balance at 31 March 2022/ 1 April 2022** | - | - | - | - | - |
| Additions | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| Exchange differences | - | - | - | - | - |
| **Balance at 31 March 2023** | - | - | - | - | - |
| **Depreciation** | | | | | |
| Balance at 1 April 2021 | - | 5,419 | 10,106 | 31,211 | 46,736 |
| Charge for the year | - | - | - | - | - |
| Charge for the year – on deletions | - | (5,320) | (8,425) | (30,643) | (44,388) |
| Exchange differences | - | (99) | (1,681) | (568) | (2,348) |
| **Balance at 31 March 2022/ 1 April 2022** | - | - | - | - | - |
| Charge for the year | - | - | - | - | - |
| Charge for the year-on deletions | | - | - | - | - |
| Exchange differences | - | - | - | - | - |
| **Balance at 31 March 23** | - | - | - | - | - |
| **Net book amount** | | | | | |
| **Balance at 31 March 2022** | - | - | - | - | - |
| **Balance at 31 March 2023** | - | - | - | - | - |

**16. Intangible assets Computer Software (€)**

| | |
|---|---|
| **Cost** | |
| Balance at 1 April 2021 | - |
| Additions | - |
| Exchange differences | - |
| Write Off | - |
| **Balance at 31 March 2022/ 1 April 2022** | - |
| Exchange differences | - |
| Deletions | - |
| **Balance at 31 March 2023** | - |
| **Amortisation** | |
| Balance at 1 April 2021 | - |
| Amortisation for the year | - |
| Exchange differences | - |
| **Balance at 31 March 2022/ 1 April 2022** | - |
| Exchange differences | - |
| **Balance at 31 March 2023** | - |
| **Net book amount** | - |
| **Balance at 31 March 2022** | - |
| **Balance at 31 March 2023** | _ |

**17. Investments in subsidiaries**

| | **31-March-2023 (€)** | 31-March-2022 (€) |
|---|---|---|
| Balance at 1 April | **867** | 224,363 |
| Additions | **-** | 2,643,432 |
| Disposals | **-** | (2,866,928) |
| Balance at 31 March | **867** | 867 |

| Name | Country of incorporation | Principal activities | 2023 Holding % | 2022 Holding % | 31-March-2023 (€) | 31-March-2022 (€) |
|---|---|---|---|---|---|---|
| SOFGEN Services PTE. Ltd | Singapore | Software consultancy services | - | - | - | - |
| SOFGEN Africa Ltd | Kenya | Software consultancy services | 100 | 100 | 867 | 867 |
| | | | | | 867 | 867 |

During the year ended 31 March 2018 Sofgen Ireland Ltd was put into liquidation. Consequently, the Company recognized in 2018 profit or loss an income amounting to €200.395 relating to the write off the

net payable due to the entity. The liquidation of Sofgen Ireland Ltd has been finalized in 2019 and the Company has been dissolved effective 5 May 2020.

On 29 November 2018, the subsidiary company Sofgen UK merged to its parent company, Tech Mahindra Limited as a result a dividend of €70.513 (2019 : €339.493) recognised in the profit or loss for the year ended 31 March 2020. The investment has been written off in 2019.

On 16 May 2018, the subsidiary company Sofgen Ltd was liquidated and dissolved. The investment has been written off in 2019.

During the year ended 31 March 2021, the Company has sold 100% of its stake in Tech Mahindra (Switzerland) SA (Formerly known as (“SOFGEN SA”) to the ultimate parent company Tech Mahindra Limited as on December 31, 2020 for a consideration of USD 4,600,000. (EUR 3,825,162). The investment in this subsidiary amounted to EUR 1,213,720 which was fully provided for, in the prior years. The net gain on sale of this subsidiary after reversal of the said provision amounts to EUR 2,611,442.

In the year ended 31 March 2022, there is an increase in loans given to Tech Mahindra Products Services Singapore Pte Limited (Formerly known as Sofgen Services Pte Limited) by USD 1,400,000 (Note 27.6). The entire loan given to Tech Mahindra Products Services Singapore Pte Limited amounting to USD 3,062,500 (EUR 2,643,432) has been converted into Investment. On 18 February 2022, 100% investment made in Tech Mahindra Products Services Singapore Pte Limited has been transferred to Tech Mahindra

Singapore Pte Ltd for a consideration of EUR 3,062,490. The profit from the disposal is EUR 195,562 was recognized as an investment gain. (Note 10)

## 18. Financial assets at amortised cost

| | **31-March-2023 (€)** | 31-March-2022 (€) |
|---|---|---|
| Change in accounting policies (initial application of IFRS 9) | **-** | 69,203 |
| Exchange differences | **-** | - |
| Balance at 31 March | **-** | 69,203 |
| Less: Non-current portion | **-** | (69,203) |

The financial assets at amortized cost relates to Philippine’s government serial-type securities, which the Company intents and has the ability to hold to maturity bearing effective interest ranging from 4% to 5% with terms of ten periods.

## 19. Trade and other receivables

| | **31-March-2023 (€)** | 31-March-2022 (€) |
|---|---|---|
| Trade receivables | **999,531** | 146,383 |
| Less: provision for bad debts | **(63,427)** | (41,728) |
| Trade receivables net | **936,104** | 104,655 |
| Receivables from related companies (Note 27.4) | **308,168** | 5,603,239 |
| Deposits and prepayments | **353,699** | 375,528 |
| Contract asset | **398,981** | 393,500 |
| Other receivables | **4,406** | 45,352 |
| Refundable VAT | **-** | 50,850 |
| | **2,001,359** | 6,573,124 |
| Less noncurrent receivables | **(332,972)** | (338,434) |
| Current portion | **1,668,387** | 6,234,690 |

The movement in provision for bad debts is as follows:

| | 31-March-2023 (€) | 31-March-2022 (€) |
|---|---|---|
| Balance at 1 April | **41,728** | 1,054,786 |
| Impairment losses/(reversal) recognised on receivables | **21,698** | 8,727 |
| Bad debts written off | **-** | (1,021,785) |
| Balance at 31 March | **63,427** | 41,728 |

**20. Cash and bank balances**

| | 31-March-2023 (€) | 31-March-2022 (€) |
|---|---|---|
| Cash at bank and in hand | **2,053,762** | 1,813,445 |
| | **2,053,762** | 1,813,445 |

**21. Share Capital**

| | 2023 No of shares | 2023 | 2022 No of shares | 2022 |
|---|---|---|---|---|
| Authorised | | | | |
| Ordinary shares of €1 each | **13,719,505** | **13,719,505** | 13,719,505 | 13,719,505 |
| Class A shares of €1 each | **27,062** | **27,062** | 27,062 | 27,062 |
| Option shares of €0,01 each | **17,500,000** | **175,000** | 17,500,000 | 175,000 |
| | **31,246,567** | **13,921,567** | 31,246,567 | 13,921,567 |
| Issued and fully paid | | | | |
| Balance at 1 April | **13,712,848** | **13,712,848** | 13,712,848 | 13,712,848 |
| Balance at 31 March | **13,712,848** | **13,712,848** | 13,712,848 | 13,712,848 |
| Class A shares | | | | |
| Balance at 1 April | **27,062** | **27,062** | 27,062 | 27,062 |
| Balance at 31 March | **27,062** | **27,062** | 27,062 | 27,062 |
| Total at 31 March | | **13,739,910** | | 13,739,910 |

In the year ended 31 March 2022, there was infusion of USD 10 Million in the company by the ultimate holding company i.e. Tech Mahindra Limited.

**22. Borrowings**

| | 31-March-2023 (€) | 31-March-2022 (€) |
|---|---|---|
| Current borrowings | | |
| Loans from related companies (Note 27.7) | **-** | 3,720,000 |
| | **-** | 3,720,000 |

**23. Deferred tax**

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 15). The applicable corporation tax rate in the case of tax losses is 12,5%.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

| | 31-March-2023 (€) | 31-March-2022 (€) |
|---|---|---|
| Balance at 1 April | - | 213,320 |
| Credit in profit or loss | - | - |
| Reversals during the year | - | (213,320) |
| Charge to other comprehensive income | - | - |
| Exchange difference | - | - |
| **Balance at 31 March** | - | 213,320 |

**24. Trade and other payables**

| | 31-March-2023 (€) | 31-March-2022 (€) |
|---|---|---|
| Trade payables | **59,131** | 53,171 |
| Accruals | **129,015** | 553,027 |
| Other payables | **124,774** | 53,762 |
| Payables to related companies (Note 27.5) | **90,685** | 3,005,732 |
| | **403,605** | 3,665,692 |
| Less non current payables | - | - |
| **Current portion** | **403,605** | 3,665,692 |

**25. Deferred Income**

| | 31-March-2023 (€) | 31-March-2022 (€) |
|---|---|---|
| Contract liabilities | **6,417** | 6,100 |
| | **6,417** | 6,100 |

**26. Current tax liabilities**

| | 31-March-2023 (€) | 31-March-2022 (€) |
|---|---|---|
| Overseas tax | **1,689** | 1,117 |
| | **1,689** | 1,117 |

**27. Related party transactions**

The Company is controlled by Tech Mahindra Ltd, incorporated in India who owns 100% of the Company's share capital,

The following transactions were carried out with related parties:

**27.1 Directors' and other key management personnel remuneration**

The remuneration of Directors and other members of key management was as follows:

**24. Trade and other payables**

| | 31-March-2023 (€) | 31-March-2022 (€) |
|---|---|---|
| Directors' remuneration | - | 17,295 |
| | - | 17,295 |

Director remuneration is recharged by a related company.

**27.2 Sales of goods and services (Note 8)**

| | **31-March-2023 (€)** | 31-March-2022 (€) |
|---|---|---|
| **Subsidiary companies** | **-** | - |
| Sofgen Africa Limited | **-** | - |
| **Other related companies** | **1,433,445** | 1,059,405 |
| Leadcom Integrated Solutions (L,I,S,)Ltd | **-** | 17,101 |
| Tech Mahindra Products Services Singapore Pte.Ltd. | **3,915** | 2,685 |
| Tech Mahindra Switzerland (SA) | **401,212** | 395,743 |
| Tech Mahindra Limited | **1,028,318** | 630,979 |
| Tech Mahindra (Americas) Inc, | **-** | 12,897 |
| | **1,433,445** | 1,059,405 |

**27.3 Purchases of goods and services**

| | **31-March-2023 (€)** | 31-March-2022 (€) |
|---|---|---|
| Subsidiary companies | **-** | - |
| SOFGEN Africa Limited | **-** | - |
| Other related companies | | |
| Tech Mahindra Switzerland (SA) | **451,173** | 588,070 |
| Tech Mahindra Products Services Singapore Pte.Ltd. | **87,673** | 70,264 |
| Tech Mahindra Limited | **-** | - |
| | **538,846** | 658,334 |

**27.4 Receivables from related parties (Note 19)**

| | **31-March-2023 (€)** | 31-March-2022 (€) |
|---|---|---|
| SOFGEN Africa Ltd | **2,277,804** | 2,267,605 |
| Tech Mahindra Products Services Singapore Pte.Ltd. | **-** | 3,222,329 |
| Tech Mahindra Switzerland (SA) | **51,981** | 1,989,302 |
| Tech Mahindra Ltd Americas | **-** | 6,313 |
| Tech Mahindra Limited | **245,745** | 125,459 |
| Leadcom Integrated Solution | **-** | - |
| Provision for impairment from receivables from related parties | **(2,267,362)** | (2,007,769) |
| **Total** | **308,168** | 5,603,239 |

**27.5 Payables to related parties (Note 24)**

| | **31-March-2023 (€)** | 31-March-2022 (€) |
|---|---|---|
| Tech Mahindra Products Services Singapore Pte.Ltd. | **-** | 1,026,695 |
| Tech Mahindra Limited | **27,352** | 844,253 |
| Tech Mahindra Switzerland (SA) | **63,333** | 1,134,785 |
| Tech Mahindra GmbH | **-** | - |
| | **90,685** | 3,005,732 |

**27.6 Loan to Subsidiaries**

| | **31-March-2023 (€)** | 31-March-2022 (€) |
|---|---|---|
| Tech Mahindra Products Services Singapore Pte. Ltd. (Note 17) | **-** | - |
| Sofgen Africa Ltd | **-** | - |
| **Loans to related undertakings** | | |
| Tech Mahindra (Switzerland) SA | **-** | - |
| | **-** | - |

On 27 January 2021, the Company entered into loan agreement with Tech Mahindra (Switzerland) SA (Formerly known as Sofgen SA) whereby the Company granted a loan facility amounting to USD 500,000.

The loan bears interest at the libor rate plus 100 base points and is repayable on or before 26 January 2022. The amount has been repaid on 15 April 2021.

In the year ended 31 March 2022, the opening loan has been completely repaid and there is an increase in loan related to Tech Mahindra (Switzerland) SA by EUR 1,900,000 and USD 500,000. The Company has impaired the entire loan outstanding as at the year ended 31 March 2022 and net balance is shown as Nil (Net). In the current year company has received back entire loan given of Tech Mahindra Switzerland

**27.7Loans from related undertakings (Note 22)**

| | **31-March-2023 (€)** | 31-March-2022 (€) |
|---|---|---|
| Mahindra Engineering Services (Europe) Limited UK | **-** | - |
| Tech Mahindra GmbH | **-** | 3,720,000 |
| | **-** | 3,720,000 |

On 31 August 2015, the Company entered into loan agreement with Mahindra Engineering Services (Europe) Limited whereby the Company was granted loan facilities amounting to USD 2.000.000. The loan bears interest at libor rate plus 100 base points and is repayable as amended on 26 February 2020. The loan was fully repaid on 29 April 2019.

On 23 October 2015, the Company entered into loan agreement with Mahindra Engineering Services (Europe) Limited whereby the Company was granted loan facilities amounting to USD 1.000.000. The loan

bears interest at the libor rate plus 100 base points. On 12 January 2016, the credit facility increased to USD 3.000.000. The loan is repayable as amended on 14 April 2019. The loan was fully repaid on 29 April 2019.

On 5 May 2015, the Company entered into loan agreement with Mahindra Engineering Services (Europe) Limited whereby the Company was granted loan facilities amounting to USD 400.000. the loan bears interest at the libor rate plus 100 base points. On 5 November 2015, the credit facility increased to USD 600.000. On 5 May 2018, the loan's repayment date was extended to 5 May 2019. The loan was fully repaid on 29 April 2019.

On 19 November 2015, the Company entered into loan agreement with Mahindra Engineering Services (Europe) Limited whereby the Company was granted loan facilities amounting to USD 2.000.000. The loan bears interest at the libor rate plus 100 base points. The loan is repayable as amended on 17 November 2019. The loan was fully repaid on 29 April 2019.

On 18 August 2016, the Company entered into a loan agreement with Mahindra Engineering Services (Europe) Limited whereby the Company was granted loan facilities amounting to GBP 500.000. The loan bears interest at the libor rate plus 100 base points and is payable as amended on 14 May 2019. The loan was fully repaid on 29 April 2019.

On 27 February 2020, the Company entered into loan agreement with Mahindra Engineering Services (Europe) Limited whereby the Company was granted loan facilities amounting to USD 1.500.000. The loan

bears interest at the libor rate plus 100 base points and is repayable as amended on 27 May 2021. The loan is repaid in two trances and fully paid on 29 June 2021.

On 25 August 2021, the Company entered into a loan agreement with Tech Mahindra GmbH whereby the Company was granted loan facilities amounting to EUR 7,00,000 which is repayable on 25 August 2022.

On 23 December 2021, the Company entered into a loan agreement with Tech Mahindra GmbH whereby the Company was granted loan facilities amounting to EUR 8,00,000 which is repayable on 23 December 2022.

On 23 December 2020, the Company entered into loan agreement with Tech Mahindra GmbH whereby the Company was granted loan facilities amounting to EUR 2,220,000. The loan is repayable on 21 December 2022.

On 26 June 2019, the Company entered into loan agreement with Tech Mahindra GmbH whereby the Company was granted loan facilities amounting to EUR 2.000.000. The loan bears interest at the EURIBOR

rate plus 100 base points. The loan is repayable as amended on 22 June 2021. The loan has been fully repaid on 30 June 2021.

On 26 April 2019, the Company entered into a loan agreement with Tech Mahindra GmbH whereby the Company was granted loan facilities amounting to EUR 5,400.000. The loan bears interest at the EURIBOR rate plus 100 base points and is repayable as amended on 23 April 2021. The loan has been fully repaid on 30 June 2021.

On 28 March 2017, the Company entered into loan agreement with Tech Mahindra GmbH whereby the Company was granted loan facilities amounting to USD 300.000. The loan bears interest at the Libor rate plus 100 base points and is repayable as amended on 16 June 2020. The repayment period extended up to 17 December 2020. The loan was fully repaid on 8 July 2020.

On 28 March 2017, the Company entered into a loan agreement with Tech Mahindra GmbH whereby the Company was granted loan facilities amounting to USD 10.000.000. The loan bears interest at the Libor rate plus 100 base points. The amount of USD 4.500.000 has been repaid during 2018. For the remaining USD 5.500.000 the repayment date had been extended to 28 March 2021. The amount of USD 4.600.000 has been repaid on 22 January 2021. For the remaining USD 900,000 the repayment date has been extended to 28 March 2022. The amount has been repaid on 23 June 2021. In the current year entire loan has been repaid in the month of January 2023.

**Note 28 Contingent liability**

In July 2017, the Branch received the VAT Compliance Notice (VCN) regarding Deficiency in Value Added Tax amounting to P19,632,677. The Branch filed a protest letter against the VCN. However, on a letter dated August 29, 2017, the Respondent Region Director denied the Branch request for the reconsideration with the Respondent Commissioner of his final decision denying the Branch’s protest letter against the Five-Day VCN. The Branch paid the amount under protest amounting to P19,632,677 on August 30, 2017.

The Branch has filed an Appeal against the VCN before the Court of Tax Appeal (CTA) on September 26, 2017.

The Branch contended that the VAT Compliance Notice and the assessment for deficiency VAT for the year 2015 is null and void. The Branch has rectified its error by issuing zero-rated BIR registered official receipts for its export sales of services. The Branch also amended its VAT Returns for the year 2015 to reflect its zero-rated export sales of services.

The hearing for the case was on July 10, 2018 in which the Court granted the appointment of Independent Chartered Public Accountant (ICPA) and the Court gave thirty (30) days’ time i.e. August 10, 2018 to ICPA to audit the VAT records and submit the ICPA Report to the Court. The Branch had applied for adjournment of hearing scheduled on August 10 to October 9, 2018. However, on September 20, 2018, the CTA issued an order cancelling the hearing scheduled on October 9, 2018. The reason for cancellation by the Court is that CTA has been reorganized and some cases were transferred to the different divisions of CTA. The case of the Branch was also transferred from third division to first division of the CTA, since then there is no communication or separate order from CTA. On March 2, 2020, the Branch filed Motion for Reconsideration to the Resolution dated February 10, 2020 praying that the denied exhibits in the ICPA Report be reconsidered for admission, On March 2, 2020, the Branch filed Motion for Reconsideration to the Resolution dated February 10, 2020 praying that the denied exhibits in the ICPA Report be reconsidered for admission., On March 9, 2020, the Court promulgated the Resolution directing the Regional Director of BIR to file comment on the Branch’s Motion for Reconsideration within 10 days from notice.

On July 29, 2020, the court granted the Branch’s motion for reconsideration, thus, the denied exhibits were admitted, The case is still currently ongoing,

Based on the records verification of the court as of July 6, 2020, it was found that BIR failed to file comment to the Branch’s motion for reconsideration to resolution dated February 10, 2020.

On July 29, 2020, the court granted the Branch's motion for reconsideration, thus, the denied exhibits were admitted. The case is still currently ongoing.

On November 24, 2020, the BIR presented Revenue Officer Romel B. Isturis as a witness who testified by way of judicial affidavit. The BIR was granted a period of 15 days or until December 9, 2020 to file Formal Offer of Evidence. On December 14, 2020, the BIR filed Motion to Admit.

On January 7, 2021, the Court issued a Resolution which directed the Petitioner to file Comment/Opposition to the Formal Offer of Evidence within 15 days from receipt.

On January 28, 2021, the Branch fled their comment/ opposition to the BIR's Formal Offer of Evidence.

On March 12, 2021, the Branch filed their Memorandum.

On May 20, 2021, the BIR filed Motion for partial reconsideration

On June 2, 2021, the BIR filed their Memorandum.

On June 9, 2021, the Court issued a Resolution directing the petition to file comment or opposition to respondent's Motion for Partial Reconsideration within five days from receipt. Thereafter, the incident is submitted for resolution.

On June 22, 2021, we filed our Comment/Opposition (to the Respondent's Motion for Partial Reconsideration).

On July 9, 2021, the Court issued a Resolution which noted the respondent's Memorandum posted on May 21, 2021. Respondent's Motion for Partial Reconsideration was submitted for resolution taking into consideration the petitioner's comments/opposition.

On June 9, 2021, the Court issued a Resolution directing the petition to file comment or opposition to respondent's Motion for Partial Reconsideration within five days from receipt. Thereafter, the incident is submitted for resolution.

On June 22, 2021, we filed our Comment/Opposition (to the Respondent's Motion for Partial Reconsideration).

On July 9, 2021, the Court issued a Resolution which noted the respondent's Memorandum posted on May 21, 2021. Respondent's Motion for Partial Reconsideration was submitted for resolution taking into consideration the petitioner's comments/opposition.

On July 22, 2021, the Court issued a Resolution which granted the respondent's Motion for Partial Reconsideration. Thus, the BIR records was admitted in evidence.

On April 21, 2022, the Court promulgated the Decision which granted our Petition for Review. Thus, the LOA, the 48-Hour Notice, the VCN and the Closure Order issued against the Petitioner were cancelled and set aside. The BIR was ordered to refund the amount of P19,632,677.12 in favor of petitioner.

On May 24, 2022, the BIR filed the Motion for Reconsideration to the decision of the CTA Division.

One June 27, 2022, the Company filed a Comment/Opposition to the BIR's Motion for Reconsideration.

On September 7, 2022, the CTA Division denied the BIR's Motion for Reconsideration for lack of merit.

On September 30, 2022, the BIR filed the Motion for Extension of Time to File Petition for Review with the CTA En Banc and on October 26, the BIR also filed the Petition for Review with the CTA En Banc to appeal the Decision and Resolution of the CTA Division.

On December 14, 2022, the Company filed a Comment/Opposition to the BIR's Petition for Review in which the CTA En Banc referred the case for remediation on March 22, 2023.

On March 22, 2023, the Company attended the mediation conference where the parties failed to enter a compromise.

On April 12, 2023, Resolution of the CTA En Banc which noted the submission of PMC CTA Form 6 – No Agreement to Mediate and submitted for decision the Petition for Review of the BIR. At this point, the Company's legal counsel believes that the likelihood of reversing the decision of the CTA Division is nil.

# VCUSTOMER PHILIPPINES, INC.

**Board of Directors**
Mr. Anand Achuthan
Mr. Narinder Singh Sethi
Ms. Lynette De Guzman
Ms. Jeane R.T Montes
Ms. Ricci Katherine Padre

**Registered Office**
3rd Floor eCommerce Plaza, Eastwood City Cyberpark,
Bagumbayan, Quezon City Philippines 1110

**Bankers**
UNION BANK OF THE PHILIPPINES

**Auditors**
R.G. MANABAT & CO.

# DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of vCustomer Philippines, Inc. (vCPI) for the year ended March 31, 2023.

**Financial Results (PHP):**

| For the years ended | March 31, 2023 | March 31, 2022 |
|---|---|---|
| Revenue | 578,043,162 | 410,277,483 |
| Profit | 449,991,809 | 27,352,039 |

**Review of Operations:**

For the fiscal year ended March 31, 2023, vCPI reported revenue amounted to PHP, an increase of PHP 578,043,162 over the last reporting year ended March 31, 2022. Profit/Loss for the fiscal year ended March 31, 2023 amounted to PHP 449,991,809, 15.45% increase over the last reporting year.

**Future Plans and Appropriations:**

vCPI made a reversal of the Appropriated Retained Earnings of PHP 322,000,000 million intended for the expansion projects due to the completion of the said projects. Additional appropriation of PHP759,000,000 million from its current retained earnings as at March 31, 2023 to be used by the Company for its expansion projects, office renovation and equipment upgrade in the year 2023 until 2024. vCPI is expecting engagement of additional account/clients and increase and employee headcount.

**Acknowledgements:**

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, Government Authorities and the shareholder/s for the co-operation and assistance received from them.

**Anand Achuthan**

**President**

**Lynette De Guzman**

Director, Chief Finance Officer

Date: May 15, 2023

# REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
**vCustomer Philippines, Inc.**
3rd Floor, eCommerce Plaza, Eastwood Cyberpark
Quezon City, Philippines

**Report on the Audit of the Separate Financial Statements**

**Opinion**

We have audited the separate financial statements of vCustomer Philippines, Inc.,

a wholly owned subsidiary of Tech Mahindra Limited, which comprise the separate statements of financial position as at March 31, 2023 and 2022, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as at March 31, 2023 and 2022, and its unconsolidated financial performance and its unconsolidated cash flows for the years ended, in accordance with Philippine Financial Reporting Standards (PFRSs).

**Basis for Opinion**

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the separate financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements**

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of the separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditors' Responsibilities for the Audit of the Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 PSAs 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 separate financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- 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 auditors' report to the related disclosures in the separate 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 auditors' 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 separate financial statements, including the disclosures, and whether the separate 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.

**Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue**

Our audit was conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information in Note 25 to the basic separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audit of the basic separate financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

**R.G. MANABAT & CO.**

DINDO MARCO M. DIOSO
Partner
CPA License No. 0095177
SEC Accreditation No. 95177-SEC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements
Tax Identification No. 912-365-765
BIR Accreditation No. 08-001987-030-2022
Issued June 27, 2022; valid until June 27, 2025
PTR No. MKT 9563826
Issued January 3, 2023 at Makati City

June 15, 2023
Makati City, Metro Manila

# REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING WITH THE BUREAU OF INTERNAL REVENUE

The Board of Directors and Stockholders
**vCustomer Philippines, Inc.**
3rd Floor, eCommerce Plaza, Eastwood Cyberpark
Quezon City, Philippines

We have audited the accompanying separate financial statements of the vCustomer Philippines, Inc., a wholly owned subsidiary of Tech Mahindra Limited, as at and for the year ended March 31, 2023, on which we have rendered our report dated June 15, 2023.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or any officer of the Company.

**R.G. MANABAT & CO.**

DINDO MARCO M. DIOSO
Partner
CPA License No. 0095177
SEC Accreditation No. 95177-SEC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements
Tax Identification No. 912-365-765
BIR Accreditation No. 08-001987-030-2022
Issued June 27, 2022; valid until June 27, 2025
PTR No. MKT 9563826
Issued January 3, 2023 at Makati City

June 15, 2023
Makati City, Metro Manila

# SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

The Board of Directors and Stockholders
**vCustomer Philippines, Inc.**
3rd Floor, eCommerce Plaza, Eastwood Cyberpark
Quezon City, Philippines

We have audited the accompanying separate financial statements of the vCustomer Philippines, Inc., a wholly owned subsidiary of Tech Mahindra Limited, as at and for the year ended March 31, 2023, on which we have rendered our report dated June 15, 2023.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the said Company has a total of one (1) stockholder owning one hundred (100) or more shares.

**R.G. MANABAT & CO.**

DINDO MARCO M. DIOSO
Partner
CPA License No. 0095177
SEC Accreditation No. 95177-SEC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements
Tax Identification No. 912-365-765
BIR Accreditation No. 08-001987-030-2022
Issued June 27, 2022; valid until June 27, 2025
PTR No. MKT 9563826
Issued January 3, 2023 at Makati City

June 15, 2023
Makati City, Metro Manila

vCUSTOMER PHILIPPINES, INC.

# SEPARATE STATEMENTS OF FINANCIAL POSITION

| | Note | March 31 2023 | March 31 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 6, 21, 22 | **775,530,589.00** | 287,550,507.00 |
| Trade and other receivables | 7, 14, 21, 22 | **71,206,478.00** | 74,450,988.00 |
| Refundable deposits - current portion | 12, 18, 21, 22 | **-** | 118,000.00 |
| Prepayments and other current assets | 8 | **326,939.00** | 6,156,158.00 |
| **Total Current Assets** | | **847,064,006.00** | 368,275,653.00 |
| **Noncurrent Assets** | | | |
| Property and equipment - net | 9 | **25,283,910.00** | 35,915,641.00 |
| Right-of-use assets - net | 18 | **18,245,665.00** | 59,776,969.00 |
| Investment in subsidiary | 10 | **9,499,950.00** | 9,499,950.00 |
| Intangible assets - net | 11 | **2,630,329.00** | 5,033,284.00 |
| Refundable deposits - net of current portion | 12, 18, 21, 22 | **11,989,201.00** | 11,847,201.00 |
| Other noncurrent assets | 8 | **-** | 128,569.00 |
| **Total Noncurrent Assets** | | **67,649,055.00** | 122,201,614.00 |
| | | **914,713,061.00** | 490,477,267.00 |
| **LIABILITIES AND EQUITY** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | | **36,354,701.00** | 31,669,667.00 |
| Lease liabilities - current | | **28,724,909.00** | 43,864,177.00 |
| Income tax payable | | **2,485,939.00** | 3,531,617.00 |
| Total Current Liabilities | | **67,565,549.00** | 79,065,461.00 |
| Noncurrent Liabilities | | | |
| Lease liabilities - net of current portion | | **-** | 23,332,802.00 |
| Retirement benefits obligation | 19 | **32,459,900.00** | 24,595,901.00 |
| **Total Noncurrent Liabilities** | | **32,459,900.00** | 47,928,703.00 |
| **Total Liabilities** | | **100,025,449.00** | 126,994,164.00 |
| **Equity** | | | |
| Share capital | 15 | **9,500,000.00** | 9,500,000.00 |
| Additional paid-in capital | 15 | **156,044.00** | 156,044.00 |
| Retained earnings | 15 | **776,883,044.00** | 326,891,235.00 |
| Cumulative remeasurement gain on retirement benefits | 19 | **28,148,524.00** | 26,935,824.00 |
| **Total Equity** | | **814,687,612.00** | 363,483,103.00 |
| | | **914,713,061.00** | 490,477,267.00 |

See Notes to the Separate Financial Statements.

# SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

| | Note | March 31 2023 | March 31 2022 |
|---|---|---|---|
| **SERVICE REVENUE** | 14 | **578,043,162.00** | 410,277,483.00 |
| **COST OF SERVICES** | 16 | **350,161,601.00** | 246,593,411.00 |
| **GROSS INCOME** | | **227,881,561.00** | 163,684,072.00 |
| **OPERATING EXPENSES** | 17 | **173,699,847.00** | 122,743,770.00 |
| **INCOME FROM OPERATIONS** | | **54,181,714.00** | 40,940,302.00 |
| **OTHER INCOME (CHARGES)** | | | |
| Dividend income | | **400,000,000.00** | - |
| Foreign exchange losses | | **3,070,884.00** | (2,618,154.00) |
| Interest expense | 18 | **(3,877,258.00)** | (3,613,349.00) |
| Interest income | 6 | **580,047.00** | 181,107.00 |
| Others | 9, 13 | **100,213.00** | 994,088.00 |
| | | **399,873,886.00** | (5,056,308.00) |
| **INCOME BEFORE INCOME TAX** | | **454,055,600.00** | 35,883,994.00 |
| **PROVISION FOR INCOME TAXES** | 20 | **4,063,791.00** | 8,531,955.00 |
| **NET INCOME** | | **449,991,809.00** | 27,352,039.00 |
| **OTHER COMPREHENSIVE INCOME** | | | |
| Item that will not be reclassified subsequently to profit or loss | | | |
| Remeasurement gain on retirement benefits | 19 | **1,212,700.00** | 3,414,800.00 |
| **TOTAL COMPREHENSIVE INCOME** | | **451,204,509.00** | 30,766,839.00 |

See Notes to the Separate Financial Statements.

# SEPARATE STATEMENTS OF CHANGES IN EQUITY

| | Note | **March 31 2023** | March 31 2022 |
|---|---|---|---|
| **SHARE CAPITAL** | 15 | **9,500,000.00** | 9,500,000.00 |
| **ADDITIONAL PAID-IN CAPITAL** | 15 | **156,044.00** | 156,044.00 |
| **RETAINED EARNINGS** | | | |
| Appropriated: | | | |
| Balance at beginning of year | 15 | **322,000,000.00** | 296,000,000.00 |
| Reversal of appropriation | 15 | **(322,000,000.00)** | (296,000,000.00) |
| Appropriation for business expansion and other legitimate corporate purposes | 15 | **759,000,000.00** | 322,000,000.00 |
| Balance at end of year | | **759,000,000.00** | 322,000,000.00 |
| Unappropriated: | | | |
| Balance at beginning of the year | | **4,891,235.00** | 3,539,196.00 |
| Net income during the year | | **449,991,809.00** | 27,352,039.00 |
| Reversal of appropriation | 15 | **322,000,000.00** | 296,000,000.00 |
| Appropriation for business expansion and other legitimate corporate purposes | 15 | **(759,000,000.00)** | (322,000,000.00) |
| Balance at end of year | | **17,883,044.00** | 4,891,235.00 |
| | | **776,883,044.00** | 326,891,235.00 |
| **CUMULATIVE REMEASUREMENT GAIN ON RETIREMENT BENEFITS** | | | |
| **Item that will not be reclassified subsequently to profit or loss** | | | |
| Balance at beginning of year | | **26,935,824.00** | 23,521,024.00 |
| Remeasurement gain during the year | 19 | **1,212,700.00** | 3,414,800.00 |
| Balance at end of year | | **28,148,524.00** | 26,935,824.00 |
| | | **814,687,612.00** | 363,483,103.00 |

See Notes to the Separate Financial Statements.

# SEPARATE STATEMENTS OF CASH FLOWS

| | Note | March 31 2023 | March 31 2022 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Income before income tax | | **454,055,600** | 35,883,994 |
| Adjustments for: | | | |
| Dividend income | 14 | **(400,000,000)** | - |
| Depreciation and amortization | 9, 11, 18 | **61,570,443** | 51,668,779 |
| Retirement benefits cost | 19 | **11,013,700** | 7,621,000 |
| Interest expense | 18 | **3,877,258** | 3,613,349 |
| Unrealized foreign exchange loss (gain) - net | | **2,799,821** | 1,067,828 |
| Interest income | 6 | **(580,047)** | (181,107) |
| Other income | 13 | **(100,213)** | (994,088) |
| Operating profit before working capital changes | | **132,636,562** | 98,679,755 |
| Changes in operating assets and liabilities: | | | |
| Decrease (increase) in: | | | |
| Trade and other receivables | | **3,344,725** | (37,321,324) |
| Prepayments and other current assets | | **5,829,219** | 666,238 |
| Refundable deposits | | **(24,000)** | (5,311,596) |
| Other noncurrent assets | | **128,569** | 272,365 |
| Increase in trade and other payables | | **4,685,034** | 9,229,819 |
| Cash generated from operations | | **146,600,109** | 66,215,257 |
| Income taxes paid | | **(5,109,470)** | (7,892,071) |
| Retirement benefits paid | 19 | **(1,937,001)** | (636,000) |
| Interest received | 6 | **580,047** | 181,107 |
| Net cash generated from operating activities | | **140,133,685** | 57,868,293 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Dividend income received | 14 | **400,000,000** | - |
| Acquisitions of property and equipment | 9 | **(7,004,454)** | (28,321,306) |
| Acquisition of intangible asset | 11 | **-** | (2,046,365) |
| Net cash flows used in investing activities | | **392,995,546** | (30,367,671) |
| **CASH FLOWS FROM A FINANCING ACTIVITY** | | | |
| Repayment of lease liabilities | 18 | **(42,349,328)** | (38,752,165) |
| **EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS** | | **(2,799,821)** | (1,067,828) |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | | **487,980,082** | (12,319,371) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | | **287,550,507** | 299,869,878 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | 6 | **775,530,589** | 287,550,507 |

See Notes to the Separate Financial Statements.

# NOTES TO THE SEPARATE FINANCIAL STATEMENTS

## 1. Reporting Entity

vCustomer Philippines, Inc. (the "Company") was registered with the Securities and Exchange Commission (SEC) on February 24, 2010. The primary purpose of the Company is to carry on the business of providing services to customers in any part of the world through any and all medium of communication including internet and telephone including management services, solutions to business problems, web designing, customer relations, development/production of software and software systems, data warehousing, data mining, processing and analysis of software and software systems, consultancy and advisory services in software and software systems, without operating as a public utility; to carry on the business of data processing and analysis including assimilation, sorting, processing and communication of data and graphs, development of computer analysis, software development, data preparation and verification, data analysis, data transmission and computation through the computer or other devices encompassing digital, analog and graphic processes and any other information technology; to undertake merchandising and logistics activities in the areas of electronic commerce, as well as other forms of commerce and commercial transactions; and to undertake the operation and management of e-mail services centers, customer response centers, computer education and training centers for the foregoing operations, loyalty incentive and motivation programmes, direct marketing activities, database management, back office support and all internet and web related work.

The Company is a wholly-owned subsidiary of Tech Mahindra Limited (the "Ultimate Parent"), a corporation organized and existing under the laws of India. The Company's registered business address is at 3rd Floor, eCommerce Plaza, Eastwood Cyberpark, Quezon City, Philippines.

The Company is registered with the Philippine Economic Zone Authorities (PEZA) under Republic Act No. 7916 (The Special Economic Zone Act of 2005) as an Ecozone IT Enterprise on March 29, 2010.

The Company is concurrently registered with the Philippine Board of Investments (BOI) under Executive Order No. 226 (Omnibus Investment Code of 1987) as an Export Market Enterprise on December 12, 2022.

## 2. Basis of Preparation

Statement of Compliance

The separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs which are issued by the Financial and Sustainability Reporting Standards Council (FSRSC), consist of PFRSs, Philippine Accounting Standards, and Philippine Interpretations.

The Company also prepares and issues consolidated financial statements for the same reporting period as the separate financial statements presented in accordance with PFRSs. The consolidated financial statements may be obtained at the Company's registered address as disclosed in Note 1.

### Basis of Measurement

The separate financial statements have been prepared on a historical cost basis of accounting except for retirement benefits obligation which is recognized at the present value of the defined benefit obligation.

### Functional and Presentational Currency

These separate financial statements are presented in Philippine Peso, the currency of the primary economic environment in which the Company operates. All amounts are recorded in the nearest peso, except when otherwise indicated.

Authorization of the Issuance of Separate Financial Statements

The accompanying separate financial statements were approved and authorized for issue by the Board of Directors (BOD) on May 15, 2023.

## 3. Adoption of Amendments to Standards and Interpretations

The Company has adopted the following amendments to standards starting

April 1, 2022 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these new and amendments to standards did not have any significant impact on the Company's separate financial statements. These are as follows:

**Effective January 1, 2022**

- Property, Plant and Equipment - Proceeds before Intended Use (Amendments to PAS 16, Property, Plant and Equipment). The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, Inventories.

  The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

  For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income (loss). This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income (loss).

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

- Onerous Contracts - Cost of Fulfilling a Contract (Amendment to PAS 37 Provisions, Contingent Liabilities and Contingent Assets). The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract - i.e. it comprises both incremental costs and an allocation of other direct costs.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS Standards 2018-2020. This cycle of improvements contains amendments to four standards:

- Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9, Financial Instruments). The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Lease Incentives (Amendment to Illustrative Examples accompanying

PFRS 16). The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

Amendments Issued but Not Yet Adopted

A number of amendments to standards effective for annual periods beginning after

April 1, 2023. However, the Company has not early adopted the following new or amended standards in preparing these separate financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's separate financial statements.

**Effective January 1, 2023**

- Classification of Liabilities as Current or Non-current (Amendments to PAS 1, Presentation of Financial Statements). To promote consistency in application and clarify the requirements on determining whether a liability is current or

**non-current, the amendments:**

- removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

- clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

  The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

  In November 2021, the International Accounting Standards Board issued the Exposure Draft, Non-Current Liabilities with Covenants, after considering stakeholder feedback on the December 2020 tentative agenda decision issued by the IFRS Interpretations Committee about the amendments. The exposure draft proposes to again amend IAS 1 as follows:

- conditions which the entity must comply within twelve months after the reporting period will have no effect on the classification as current or

**non-current.**

- additional disclosure requirements will apply to non-current liabilities subject to such conditions to enable the assessment of the risk that the liability could become repayable within twelve months.

- separate presentation in the statement of financial position will be required for non-current liabilities for which the right to defer settlement is subject to conditions within 12 months after the reporting period.

The effective date of the amendments will be deferred to no earlier than

January 1, 2024. Comments on the Exposure Draft is due on March 21, 2022.

- Definition of Accounting Estimates (Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors). To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remain unchanged. The amendments also provide examples on the application of the new definition. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- Disclosure of Accounting Policies (Amendments to PAS 1, Presentation of Financial Statements and PFRS Practice Statement 2, Making Materiality Judgements). The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;

- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures. The amendments are effective from January 1, 2023. Earlier application is permitted.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12, Income Taxes). The amendments clarify that that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations.

The amendments apply for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

**Not Applicable**

**Effective in 2025**

- PFRS 17 and amendments for PFRS 17, "Insurance Contracts"

**Deferred Effectivity**

- Philippine Interpretation IFRIC 15, "Agreements for the Construction of Real Estate" This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Philippine SEC and the FRSC have deferred the effectivity of this interpretation until the final revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

Currently, the Company has no activities to which this interpretation will apply.

- Amendments to PFRS 10 and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

Currently, the Company has no activities to which these amendments will apply.

No mandatory effective date

- PFRS 9, Financial Instruments (Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39)

The Company will continue to assess the relevance and impact of the above standards, amendments to standards and interpretations. The revised disclosures on the financial statements required by the above standards and interpretations will be included in the Company's financial statements when these are adopted.

## 4. Significant Accounting Policies and Disclosures

The significant accounting policies and practices applied in the preparation of these separate financial statements are set forth to facilitate the understanding of data presented in the separate financial statements. These policies have been consistently applied to all years presented, unless otherwise stated.

**Current versus Noncurrent Classification**

The Company presents assets and liabilities in the statements of financial position based on current or noncurrent classification.

An asset is 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 (12) months after the financial reporting period;
- Expected to be settled on demand; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the financial reporting period.

All other assets are classified as noncurrent. Deferred tax assets are classified as noncurrent assets.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve (12) months after the financial reporting period;
- It is expected to be settled in demand; or
- There is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the financial reporting period.

All other liabilities are classified as noncurrent. Deferred tax liabilities are classified as noncurrent liabilities.

**Financial Instruments**

**Financial Assets**

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the financial assets expire, or if the Company transfers the financial asset to another party and does not retain control or substantially all risks and rewards of the asset. Purchases and sales of financial assets in the normal course of business are accounted for at settlement date

(i.e., the date that the asset is delivered to or by the Company). At initial recognition, the Company measures its financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated as fair value through profit or loss, includes transaction costs.

After initial recognition, the Company classifies its financial assets as subsequently measured at either i) amortized cost, ii) fair value through other comprehensive income or iii) fair value through profit or loss on the basis of both:

The Company’s business model for managing the financial assets.

The contractual cash flow characteristics of the financial asset.

Subsequent to initial recognition, financial assets are measured as described below.

At each balance sheet date, the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognizes a loss allowance for expected credit losses for financial assets measured at either amortized costs or at fair value through other comprehensive income. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 months of expected credit losses.

If, at the reporting date, the credit risk on a financial instrument has increased significantly since initial recognition, the Company measures the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses. The Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

**Financial Assets at Amortized Cost**

Financial assets are measured at amortized cost if both i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and ii) 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.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction cost directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, less any impairment losses.

Financial assets at amortized cost are classified as current assets when the Company expects to realize the asset within 12 months from reporting date. Otherwise, these are classified as noncurrent assets.

Cash and cash equivalents, trade receivables and refundable deposits are generally included in this category.

Cash includes cash on hand, cash in banks and cash equivalents.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Company classifies an investment as cash equivalent if that investment has a maturity of three months or less from the date of acquisition.

**Financial Liabilities**

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. Financial liabilities are derecognized when the Company's obligations specified in the contract expire or are discharged or cancelled.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company generally classifies all financial liabilities as subsequently measured at amortized cost.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade and other payables and lease liabilities are generally included in this category.

Prepayments and Other Current Assets

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Other current assets pertain to resources controlled by the Company as a result of past events and from which future economic benefits are expected to flow to the Company.

Prepayments and other current assets are classified in the separate statements of financial position as current asset when the cost of services related to the prepayments and other current assets are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as noncurrent assets.

**Investments in Subsidiary**

A subsidiary is an entity, including an unincorporated entity such as a partnership that is controlled by the Company.

Investments in subsidiaries are measured initially at cost. Subsequent to initial recognition, investment in subsidiaries are carried in the Company's separate financial statements at cost less any accumulated impairment losses.

The Company's accounting policy for impairment of financial assets are applied to determine whether it is necessary to recognize any impairment loss with respect to its investment in subsidiary When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the Company's accounting policy on impairment of tangible and intangible assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The investments in subsidiaries are derecognized upon disposal or when no future economic benefits are expected to arise from the investment. Gain or loss arising on the disposal is determined as the difference between the sales proceeds and the carrying amount of the investment in subsidiary and is recognized in profit or loss.

**Property and Equipment**

Property and equipment are initially measured at cost. The cost of an item of property and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and

- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

At the end of each reporting period, items of property and equipment are measured at cost less any subsequent accumulated depreciation and impairment losses.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

| | **Number of Years** |
|---|---|
| Office equipment | 5 |
| Communication equipment | 3 |
| Furniture and fixtures | 3 |
| Leasehold improvements | 3 or lease term whichever is shorter |

Leasehold improvements are amortized over the improvements' useful life of three years or when shorter, the term of the relevant lease.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss.

At the end of each reporting period, the Company assesses whether there is any indication that any of its property and equipment is impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**Intangible Assets**

**Intangible Assets Acquired Separately**

Intangible assets are initially measured at cost. Subsequent to initial recognition, intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives. The estimated useful life and the amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The Company's intangible assets are amortized over a 5-year useful life.

**Share Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

**Retained Earnings**

Retained earnings represents accumulated profits and losses earned and incurred by the Company. Retained earnings and deficit may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

**Provisions and Contingencies**

Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation through an outflow of resources embodying economic benefits, and the amount of the obligation can be estimated reliably.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the cash flows estimated to settle the present obligation. Its carrying amount is the present value of those cash flows.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

**Employee Benefits**

**Short-Term Benefits**

The Company recognizes a liability, net of amounts already paid, and an expense for services rendered by employees during the accounting period. A liability is also 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.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

**Post-Employment Benefits**

**Defined Benefit Plan**

The Company classifies its retirement benefit as defined benefit plans. Under the defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), are reflected immediately in the separate statements of financial position with a charge or credit recognized in other comprehensive income (OCI) in the period in which they occur. Remeasurement recognized in OCI is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefits liability or asset. Defined benefits costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

- Net interest expense or income; and

- Remeasurements.

The Company presents the first two components of defined benefits costs in profit or loss in the line item retirement benefits costs. Curtailment gains and losses are accounted for as past service costs.

The retirement benefits obligation recognized in the separate statements of financial position represents the actual deficit in the Company's defined benefit plans.

**Compensated Leave Credits**

The Company's net obligation in respect of accumulated leaves is the amount of future benefit that employees have earned in return for their services in the current and prior periods. This benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

**Revenue Recognition**

The Company identifies each distinct performance obligation to transfer services. The Company recognizes revenue when (or as) it satisfies a performance obligation by transferring the control of services to the customer. The transaction price is the amount of consideration the Company expects to receive under the arrangement. The Company concluded that it is acting as principal for its revenue arrangement.

**Sale of Services**

The Company provides services assistance to its Parent Company in the ordinary course of business. Such services are recognized as a performance obligation satisfied over time.

**Expense Recognition**

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or increase of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

**Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

**As a Lessee**

The Company recognizes a right-of-use assets and a lease liabilities at the lease commencement date. The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove or restore the underlying asset or the site on which it is located, less any incentives received.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the

right-of-use assets or the end of lease term. The estimated useful lives of the

right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rates as the discount rate.

Lease payments included in the measurement of the lease liabilities comprise the following:

- fixed payments, including in-substance fixed payments;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the • amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liabilities are measured at amortized cost using the effective interest method. This are remeasured if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised

in-substance fixed lease payment. When the lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

The ROU assets and lease liabilities are presented in the separate statements of financial position separately from other assets and liabilities, respectively.

**Foreign Currency**

Transactions in currencies other than Philippine peso are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated In foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Gains and losses arising on retranslation are included in profit or loss for the year.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

**Related Party Transactions**

A related party transaction is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making the financial and operating decisions. Such relationship also exists between and/or among entities under common control with the reporting enterprises and their key management personnel, directors, or its stockholders. Related parties may be individuals or corporate entities. In considering each possible related party relationships, attention is directed to the substance of the relationship, and not merely the legal form.

**Income Taxes**

Income tax expense recognized in the separate statement of comprehensive income of the Company represents the current tax expense and deferred tax expense.

Under the Company's registration with the PEZA pursuant to the provisions of

R.A. No. 7916, The Special Economic Zone Act of 1995, the Company is subject to 5% final tax on gross income from PEZA-registered activities in lieu of payment of national and local taxes.

Uncertainties related to taxes that are not income taxes are recognized and measured in accordance with PAS 37 unless they are dealt with specifically in another standard.

If there is uncertainty about an income tax treatment, then the Company considers whether it is probable that a tax authority will accept the Company's tax treatment included in its tax filing. The underlying assumption in the assessment is that a tax authority will examine all amounts reported and will have full knowledge of all relevant information.

**Current Tax**

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the separate statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using 5% of gross income earned from registered activities. For income other than its registered activities, tax rate is based on the applicable regular income tax rate of the Bureau of Internal Revenue. Income is tax exempt when the activities are included under income tax holiday.

**Deferred Tax**

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

Events After the Reporting Period

The Company identifies events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the separate financial statements are authorized for issue. The separate financial statements of the Company are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the separate financial statements when material.

## 5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations, that Management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the separate financial statements.

**Functional Currency**

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has determined to be the Philippine Peso.

The Philippine Peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the Company's cost of operation, and in effect, its revenue.

Determination of the Term and Discount Rate of Lease Arrangements

Where the Company is the lessee, management is required to make judgments about whether an arrangement contains a lease, the lease term and the appropriate discount rate to calculate the present value of the lease payments.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases entered into by the Company as lessee, management uses the incremental borrowing rate, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses an approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company and makes adjustments specific to the lease.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if it is reasonably certain that the lease will be extended (or not terminated) and, as such, included within lease liabilities.

The Company normally considers in the assessment whether there are significant penalties to terminate, significant remaining value of leasehold improvements and historical lease durations, the costs and business disruption for replacing the leased asset, enforceability of the option, and business and other developments.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the lessee's control.

**Key Sources of Estimation Uncertainties**

The key estimates concerning the future and other key sources of estimation uncertainty as at end of reporting period that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Impairment of Property and Equipment

The Company assesses at the end of each reporting period whether there is any indication that its property and equipment is impaired. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

Management assessed that there are no indicators of impairment affecting the noncurrent financial assets as at March 31, 2023 and 2022.

As at March 31, 2023 and 2022, the carrying amount of property and equipment amounted to P25,283,910 and P35,915,641, respectively (see Note 9).

**Estimating of Retirement Benefits Cost**

The present value of the retirement benefits obligation depends on a number of assumptions that are determined on an actuarial basis. The assumptions used in determining the net cost (income) for retirement benefits include the discount rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefits liability. Other key assumptions include future salary, mortality and attrition. Additional information is disclosed in Note 19.

Retirement benefits obligation amounted to P32,459,900 and P24,595,901 as at March 31, 2023 and 2022, respectively (see Note 19).

**Provisions and Contingencies**

The recognition of provisions on claims requires estimates and judgment regarding the timing and the amount of outflow of resources. Management's assessment supported by internal and external legal counsel, where appropriate, determines whether it is probable that an outflow of resources will be required to settle an obligation. If this is the case, the best estimate of the outflow of resources is recognized.

## 6 Cash and Cash Equivalents

| | Note | 2023 | 2022 |
|---|---|---|---|
| Cash on hand | | **50,000.00** | 50,000.00 |
| Cash in banks | | **46,760,589.00** | 12,187,422.00 |
| Time deposits | | **728,720,000.00** | 275,313,085.00 |
| | 21, 22 | **775,530,589.00** | 287,550,507.00 |

Trade receivables have an average credit terms of 60 days.

## 7 Trade and Other Receivables

| | Note | 2023 | 2022 |
|---|---|---|---|
| Trade receivables | 14, 21, 22 | **70,246,936.00** | 73,704,673.00 |
| Advances to employees | | **959,542.00** | 746,315.00 |
| | | **71,206,478.00** | 74,450,988.00 |

## 8 Prepayments and Other Current Assets

| | Note | 2023 | 2022 |
|---|---|---|---|
| Prepaid insurance | | **326,939.00** | 5,350,559.00 |
| Prepaid management services | | **-** | 601,401.00 |
| Others | | **-** | 204,198.00 |
| | | **326,939.00** | 6,156,158.00 |

Prepaid insurance pertains to the unamortized payments for the Health Maintenance Organization (HMO) coverage of the Company's employees.

Prepaid management services pertain to the payments made in advance by the Parent Company to Cloudwave for services such as recording of calls, media storage, multimedia work routing, etc.

Others include payment for the Company's advance payment for job postings, services and support services subscriptions of the Company

## 9 Property and Equipment - Net

| **2023** | **Leasehold Improvements** | **Office Equipment** | **Communication Equipment** | **Furniture and Fixtures** | **Total** |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Balance at beginning of year | 25,349,300 | 71,651,458 | 65,733,694 | 5,824,889 | 168,559,341 |
| Additions | - | 6,583,504 | 420,950 | - | 7,004,454 |
| Disposals | - | - | - | - | - |
| **Balance at end of year** | **25,349,300** | **78,234,962** | **66,154,644** | **5,824,889** | **175,563,795** |
| **Accumulated Depreciation and Amortization** | | | | | |
| Balance at beginning of year | 25,349,300 | 46,962,941 | 54,566,003 | 5,765,456 | 132,643,700 |
| Depreciation and amortization during the year | - | 10,922,231 | 6,654,522 | 59,432 | 17,636,185 |
| Disposals | - | - | - | - | - |
| **Balance at the end of year** | **25,349,300** | **57,885,172** | **61,220,525** | **5,824,888** | **150,279,885** |
| **Net Carrying Value** | - | 20,349,790 | 4,934,119 | 1 | 25,283,910 |

| 2022 | Leasehold Improvements | Office Equipment | Communication Equipment | Furniture and Fixtures | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Balance at beginning of year | 25,349,300 | 43,005,019 | 63,296,725 | 6,044,092 | 137,695,136 |
| Additions | - | 28,646,439 | 2,436,969 | - | 31,083,408 |
| Disposals | - | - | - | (219,203) | (219,203) |
| **Balance at end of year** | **25,349,300** | **71,651,458** | **65,733,694** | **5,824,889** | **168,559,341** |
| **Accumulated Depreciation and Amortization** | | | | | |
| Balance at beginning of year | 25,014,307 | 40,425,930 | 47,352,330 | 5,799,155 | 118,591,722 |
| Depreciation and amortization during the year | 334,993 | 6,537,011 | 7,213,673 | 185,504 | 14,271,181 |
| Disposals | - | - | - | (219,203) | (219,203) |
| **Balance at end of year** | **25,349,300** | **46,962,941** | **54,566,003** | **5,765,456** | **132,643,700** |
| **Net Carrying Value** | - | 24,688,517 | 11,167,691 | 59,433 | 35,915,641 |

The costs of fully depreciated assets which are still in used in operations amounted to P31,174,189 and P25,349,300 as at March 31, 2023 and 2022, respectively.

Depreciation are allocated as follows:

## 10. Investment in Subsidiary

This account represents investment in vCustomer Philippines (Cebu), Inc.

(the Subsidiary), a wholly-owned subsidiary incorporated and domiciled in the Philippines, which is engaged in the same business as the Company. Its principal place of business is located at 6th floor,eBLOC 3, Geonzon St., Cebu IT Park, Apas Lahug, Cebu City.

| | Note | 2023 | 2022 |
|---|---|---|---|
| Cost of services | | **11,134,174.00** | 6,101,847.00 |
| Operating expenses | | **6,502,011.00** | 8,169,334.00 |
| | | **17,636,185.00** | 14,271,181.00 |

## 11. Intangible Assets - net

Intangible assets pertain to capitalized computer software. The movements in this account are as follows:

| | Note | 2023 | 2022 |
|---|---|---|---|
| **Cost** | | | |
| Balance at beginning of year | | **9,011,835** | 6,965,470 |
| Additions during the year | | **-** | 2,046,365 |
| Balance at end of year | | **9,011,835** | 9,011,835 |
| **Accumulated amortization** | | | |
| Balance at beginning of year | | **3,978,551** | 1,802,970 |
| Amortization during the year | 17 | **2,402,955** | 2,175,581 |
| Balance at end of year | | **6,381,506** | 3,978,551 |
| **Net carrying value** | | **2,630,329** | 5,033,284 |

## 12 Refundable Deposits

This account consists of:

| | Note | 2023 | 2022 |
|---|---|---|---|
| Current | | **0** | 118,000 |
| Noncurrent | | **11,989,201** | 11,847,201 |
| | 18, 22, 23 | **11,989,201** | 11,965,201 |

These deposits are refundable upon termination of the contracts or cessation of related rental service.

## 13 Trade and Other Payables

This account consists of:

| | Note | 2023 | 2022 |
|---|---|---|---|
| Trade payables | 14, 21, 22 | **1,386,212.00** | 1,345,007.00 |
| Salaries payable | 21, 22 | **19,335,071.00** | 16,318,966.00 |
| Accrued expenses | 21, 22 | **9,368,754.00** | 6,172,857.00 |
| Payable to government agencies | | **4,480,598.00** | 3,175,253.00 |
| Withholding taxes payable | | **1,784,066.00** | 1,895,482.00 |
| Intercompany payable | 14, 21, 22 | **-** | 2,762,102.00 |
| | | **36,354,701.00** | 31,669,667.00 |

Trade payables are normally on a 30-to-90-day credit terms.

Payable to government agencies pertain to employee payroll premium contributions due to government agencies (i.e. Social Security Services (SSS), Philippine Health Insurance Corporation (Philhealth) and Home Development Mutual Fund (HDMF)).

Accrued expenses consist of electricity, legal fees, security services, consultancy, outside services, provision for leave encashment, etc., which are individually insignificant

## 14 Related Party Transactions

The summary of the Company's outstanding balances and transactions with related parties as at and for the years ended March 31, 2023 and 2022 are as follows:

| **Category** | | **Outstanding Balance** | | | | |
|---|---|---|---|---|---|---|
| | | **Note** | **Amount** | **Trade and Other Receivables (Payables)** | **Terms** | **Conditions/ Commitments** |
| **Ultimate Parent** | | | | | | |
| Service revenue | 2023 | a, 7 | 510,066,697 | 61,302,330 | 60 days; | Unsecured; to be settled in cash; |
| | 2022 | | 410,277,483 | 73,704,673 | noninterest bearing | no impairment; no commitments |
| Purchases | 2023 | b, 13 | (2,762,102) | - | On demand | Unsecured; |
| | 2022 | | 2,762,102 | (2,762,102) | | no impairment; no commitments |
| **Affiliate** | | | | | | |
| Service Revenue | 2023 | c, 7 | 67,976,465 | 8,944,606 | 60 days; | Unsecured; to be settled in cash; |
| | | | | | noninterest bearing | no impairment; no commitments |
| **Subsidiary** | | | | | | |
| Dividend Income | 2023 | d, 12 | 400,000,000 | - | | |
| | **2023** | | **975,281,060** | **70,246,936** | | |
| | **2022** | | **413,039,585** | **70,942,571** | | |

a. The Company entered into a Service Agreement with vCustomer Services LLC (vSLLC), a Company incorporated under the laws of the United States of America (USA), an affiliate, for an indefinite period unless mutually terminated, to provide web-based support (chat, email, fax); telephony support (voice); directory assistance; eCRM database management, eCRM database mining; web-based self-help solutions; remote website administration; remote back office support; remote system administration and technical help desk services in the United States through contact center representatives and such other functions as may be required in relation to the performance of its support function.

   In consideration thereof, the Company bills vSLLC ten percent (10%) mark-up rate on all costs (cost and operating expenses) incurred by the Company in providing the services. Contract receivables are billed by the Company in US dollars on a periodical basis and are settled in the same currency. vSLLC was merged with Tech Mahindra (Americas), Inc., a subsidiary of Tech Mahindra Limited (TML), on February 2, 2015. Accordingly, billings were made to TML subsequently as a result of the merger.

b. The Company purchased computer equipment from Techmahindra Limited on September 29, 2021. This was paid as of period-end.

c. The Company entered into an agreement with Eventus Solutions Group, LLC (Eventus US), a Colorado Limited Liability Company, an entity under common control, for an indefinite period unless mutually terminated, to provide contact centre support services (voice and web-based customer care and service desk support) to clients of Eventus US.

   In consideration thereof, the Company bills Eventus US ten percent (10%) mark-up rate on all costs (cost and operating expenses) incurred by the Company in providing the services. Contract receivables are billed by the Company in US dollars on periodical basis and are settled on the same currency.

d. On July 27, 2022, the Subsidiary distributed cash dividends to the Company amounting to P400,000,000. This is paid in cash during the fiscal year 2023.

e. Compensation of key management personnel for the years ended

   March 31, 2023 and 2022 is as follows:

| | 2023 | 2022 |
|---|---|---|
| Salaries | **37,567,361.00** | 30,157,021.00 |
| Other employee benefits | **10,750,104.00** | 9,105,926.00 |
| Allowances | **552,000.00** | 462,000.00 |
| Retirement benefits cost | **4,959,692.00** | 4,185,723.00 |
| | **53,829,157.00** | 43,910,670.00 |

   Other employee benefits include 13th month pay, performance bonus, leave encashment and other short-term benefits.

   All related party balances are to be settled in cash.

## 15 Equity

Components of share capital are as follows:

| | 2023 | 2022 |
|---|---|---|
| Authorized 1,000,000, issued, fully paid and outstanding: 950,000 ordinary shares - Php10 par value | **9,500,000** | 9,500,000 |

On March 31, 2023, the BOD approved an additional appropriation of P759,000,000 from the current retained earnings as at March 31, 2023 for legitimate corporate purposes including but not limited to expansion projects, business expansion, office renovation and equipment upgrade. Also, on the same date, the BOD approved the reversal of the P322,000,000 appropriation in 2022.

On March 31, 2022, the BOD approved an additional appropriation of P322,000,000 from the current retained earnings as at March 31, 2022 for business expansion projects from 2022 until 2025. Also, on the same date, the BOD approved the reversal of the P296,000,000 appropriation in 2021.

On October 25, 2022, the Board approved the plan to increase the authorized capital stock. The stockholders of the Company plan to subscribe to at least 25% of the increased authorized capital by way of stock dividend declaration.

## 16 Cost of Services

This account consists of:

| | Note | 2023 | 2022 |
|---|---|---|---|
| Personnel costs | | **296,258,363** | 214,308,582 |
| Depreciation and amortization | 9, 18 | **34,142,504** | 21,241,925 |
| Electricity | | **18,546,989** | 6,213,453 |
| IT infrastructure | | **1,213,745** | 4,829,451 |
| | | **350,161,601** | 246,593,411 |

Details of personnel costs are follows:

| | Note | 2023 | 2022 |
|---|---|---|---|
| Salaries and wages and other employee benefits | | **204,662,502** | 151,983,282 |
| Allowance and staff welfare costs | | **49,215,119** | 34,372,796 |
| SSS, PHIC and HDMF premium contributions | | **23,316,687** | 12,960,866 |
| 13th month pay | | **15,418,779** | 12,059,333 |
| Retirement benefits cost | 19 | **3,645,276** | 2,932,305 |
| | | **296,258,363** | 214,308,582 |

Depreciation and amortization are charged as follows:

| | Note | 2023 | 2022 |
|---|---|---|---|
| ROU assets | 18 | **23,008,330** | 15,140,078 |
| Property and equipment | 9 | **11,134,174** | 6,101,847 |
| | | **34,142,504** | 21,241,925 |

## 17 Operating Expenses

This account consists of:

| | Note | 2023 | 2022 |
|---|---|---|---|
| Personnel costs | | **87,360,202.00** | 52,938,838.00 |
| Depreciation and amortization | 9, 11, 18 | **27,427,940.00** | 30,426,854.00 |
| Trainings and recruitments | | **12,656,786.00** | 6,806,013.00 |
| Facilities management and utilities | | **9,210,708.00** | 8,384,977.00 |
| Repairs and maintenance | | **7,009,600.00** | 6,355,979.00 |
| Insurance | | **6,040,832.00** | 810,885.00 |
| Security services | | **5,379,327.00** | 4,375,390.00 |
| Office expenses | | **4,818,446.00** | 4,332,260.00 |
| Professional fees | | **4,434,950.00** | 4,625,648.00 |
| Transportation and travel | | **2,177,832.00** | 192,299.00 |
| Outside services | | **1,276,291.00** | 1,470,925.00 |
| Office supplies | | **1,048,720.00** | 313,334.00 |
| Taxes and licenses | | **241,952.00** | 828,547.00 |
| Bank service charge | | **143,891.00** | 70,587.00 |
| Miscellaneous | | **4,472,370.00** | 811,234.00 |
| | | **173,699,847.00** | 122,743,770.00 |

Details of personnel costs are as follows:

| | Note | 2023 | 2022 |
|---|---|---|---|
| Salaries and wages and other employee benefits | | **60,846,186** | 28,395,949 |
| Allowance and staff welfare costs | | **10,435,146** | 14,005,378 |
| 13th month pay | | **4,926,062** | 2,819,035 |
| SSS, PHIC and HDMF premium contributions | | **3,784,384** | 3,029,781 |
| Retirement benefits costs | 19 | **7,368,424** | 4,688,695 |
| | | **87,360,202** | 52,938,838 |

Depreciation and amortization are broken down as follows:

| | Note | 2023 | 2022 |
|---|---|---|---|
| ROU assets | 18 | **18,522,974.00** | 20,081,939.00 |
| Property and equipment | 9 | **6,502,011.00** | 8,169,334.00 |
| Intangible asset | 11 | **2,402,955.00** | 2,175,581.00 |
| | | **27,427,940.00** | 30,426,854.00 |

## 18 Lease Agreements as a Lessee

3rd Floor, Ecommerce Plaza Building

On June 12, 2008, vCustomer Services India Pvt. Ltd. ("vCustomer India") entered into a lease agreement for office space located at 3rd Floor, eCommerce Plaza Building Eastwood City Cyberpark, 188 E. Rodriguez Jr. Avenue, Bagumbayan Quezon City. The lease term is 5 years from September 10, 2008 to

September 10, 2013 with a free fitting out period of 3 months and an option to renew for an additional 2 lease terms of 5 years each.

Effective April 1, 2010 the vCustomer India subsequently assigned its rights and interest on the lease to the Company.

In 2013, the Company renewed the lease for 5 years from September 10, 2013 to September 9, 2018 and renewed it further in 2018 for another five years from September 10, 2018 to September 9, 2023.

2nd Floor, Ecommerce Plaza Building

On July 1, 2021, the Company entered into a lease agreement for office space located at 2nd floor, eCommerce Plaza, Building Eastwood City Cyberpark, 188 E. Rodriquez Jr. Avenue, Bagumbayan, Quezon City. The lease term is 5 years from September 16, 2018 to September 16, 2023.

Refundable deposits from the lease agreement amounted to P11,989,201 and P11,965,201 as at March 31, 2023 and 2022, respectively (see Note 12.).

The details of right-of-use of assets and lease liabilities for these leases as shown below:

### I. Right-of-Use Assets

The movements as at March 31, 2023 and 2022 are as follows:

| | Note | 2023 | 2022 |
|---|---|---|---|
| Cost at beginning of the year | | **59,776,969** | 47,485,530 |
| Additions | | **-** | 47,513,456 |
| Amortization for the year | 16, 17 | **-41,531,304** | -35,222,017 |
| Net carrying value | | **18,245,665** | 59,776,969 |

Amortization is allocated as follows:

| | Note | 2023 | 2022 |
|---|---|---|---|
| Cost of services | 16 | **23,008,330** | 15,140,078 |
| Operating expenses | 17 | **18,522,974** | 20,081,939 |
| | | **41,531,304** | 35,222,017 |

**II. Lease Liabilities**

The movements in lease liabilities as at March 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|---|---|
| Balance at the beginning | **67,196,979** | 54,822,339 |
| Additions | **-** | 47,513,456 |
| Repayments | **(42,349,328)** | (38,752,165) |
| Accretion of interest expense | **3,877,258** | 3,613,349 |
| Net carrying value | **28,724,909** | 67,196,979 |
| Current portion | **28,724,909** | 43,864,177 |
| Noncurrent portion | | 23,332,802 |

**III. Amount to be Recognized in Profit or Loss**

Amounts recognized in separate statements of comprehensive income are as follows

| | Note | 2023 | 2022 |
|---|---|---|---|
| Amortization on right-of-use of assets | 16, 17 | **41,531,304** | 35,222,017 |
| Interest expense on lease liabilities | 16, 17 | **3,877,258** | 3,613,349 |

**IV. Future Minimum Lease Payments**

| | 2023 | 2022 |
|---|---|---|
| Maturity Analysis - Contractual Undiscounted Cash Flows | | |
| Not more than 1 year | **29,558,186** | 46,260,756 |
| More than 1 year but less than 5 years | **-** | 23,688,554 |
| Total undiscounted lease liabilities | **29,558,186** | 69,949,310 |

There are no significant restrictions imposed by lease arrangements, such as those concerning dividends, additional debt and further leasing.

## 19 Retirement Benefits Obligation

The Company does not have an established retirement plan as at March 31, 2023 and 2022 but it recognizes retirement benefits costs in accordance with the minimum regulatory benefit under Republic Act No. 7641 which is a defined benefit type. Retirement benefits are based on employees' years of service and compensation levels during employment period. Actuarial valuations are made with sufficient regularity. The most recent actuarial valuation which was made for the year ended March 31, 2023. The principal actuarial assumptions used to determine retirement benefits were as follows:

Regulatory Framework in Which the Retirement Plan Operates

In accordance with the provisions of the RA 7641, the Company is required to pay eligible employees at least minimum regulatory benefit upon normal retirement, subject to age and service requirements.

**Responsibilities of Trustee**

Since the Company does not have a formal, trusteed Retirement Plan, there are no Trustees yet.

Description of Plan Characteristics and Associated Risks

The calculations were based on the provisions of the minimum mandated benefit under RA 7641. However, it should be noted that in the event a benefit claim arises, the benefit shall immediately be due and payable from the Company.

Amounts Recognized in the Separate Financial Statements

The principal assumptions used for the purposes of the actuarial valuations were as follows:

| | **2023** | 2022 |
|---|---|---|
| Discount rate | **6.50%** | 5.75% |
| Salary increase rate | **6.00%** | 6.00% |

Maturity Profile of Expected Future Benefit Payments

The Company's expected future benefit payments is shown below:

| | **2023** | 2022 |
|---|---|---|
| Beyond one year not later than 5 years | **10,586,800** | P7,997,800 |
| Beyond 5 years (6 to 10 years) | **13,620,500** | 11,211,500 |

The movement of the present value of defined benefit obligation (DBO) follows:

| | **2023** | 2022 |
|---|---|---|
| Balance at beginning of year | **24,595,901** | 21,025,701 |
| Current service cost | **9,624,400** | 6,684,600 |
| Benefits paid | **-1,937,001** | -636,000 |
| Interest cost | **1,389,300** | 936,400 |
| Remeasurement gain | **-1,212,700** | -3,414,800 |
| Balance at the end of year | **32,459,900** | 24,595,901 |

The accrued retirement benefits costs recognized in the statements of financial position as at March 31, 2023 and 2022 were determined as follows:

| | **2023** | 2022 |
|---|---|---|
| Present value of defined benefit obligation (DBO) | **32,459,900** | 24,595,901 |

The retirement benefits costs are broken down as follows:

| | **2023** | 2022 |
|---|---|---|
| Current service cost | **9,624,400** | 6,684,600 |
| Interest cost | **1,389,300** | 936,400 |
| | **11,013,700** | 7,621,000 |

The retirement benefits cost as part of "Cost of services" and "Operating expenses" in the separate statement of comprehensive income for the years ended

March 31, 2023 and 2022 were determined follows:

| | **Note** | **2023** | 2022 |
|---|---|---|---|
| Cost of services | 16 | **3,645,276** | 2,932,305 |
| Operating expenses | 17 | **7,368,424** | 4,688,695 |
| | | **11,013,700** | 7,621,000 |

The movement of the cumulative remeasurement gain is presented in the separate statements of changes in equity follows:

| | **2023** | 2022 |
|---|---|---|
| Balance at beginning of year | **26,935,824** | 23,521,024 |
| Actuarial (loss) gain: | | |
| Due to liability assumption changes | **-1,501,300** | 5,316,200 |
| Due to liability experience | **2,714,000** | -1,901,400 |
| | **1,212,700** | 3,414,800 |
| Balance at end of year | **28,148,524** | 26,935,824 |

The movement of the retirement benefits obligation recognized in the separate statements of financial position is as follows:

| | **Note** | **2023** | 2022 |
|---|---|---|---|
| Balance at beginning of year | | **24,595,901** | 21,025,701 |
| Retirement benefits cost | 16, 17 | **11,013,700** | 7,621,000 |
| Benefits paid | | **-1,937,001** | -636,000 |
| Remeasurement gain | | **-1,212,700** | -3,414,800 |
| Balance at end of year | | **32,459,900** | 24,595,901 |

Amount, Timing and Uncertainty of Future Cash Flows

Sensitivity analysis on defined benefits obligation follows:

| | | **Sensitivity Analysis** | **Effect on DBO** |
|---|---|---|---|
| **2023** | | | |
| Discount rate | 7.50% | 1.00% increase | -21.32% |
| Discount rate | 5.50% | 1.00% increase | 28.72% |
| Salary increase rate | 7.00% | 1.00% increase | 28.69% |
| Salary increase rater | 5.00% | 1.00% increase | -21.27% |
| 2022 | | | |
| Discount rate | 6.75% | 1.00% increase | -13.90% |
| Discount rate | 4.75% | 1.00% decrease | 16.86% |
| Salary increase rate | 7.00% | 1.00% increase | 18.46% |
| Salary increase rater | 5.00% | 1.00% decrease | -15.35% |

Methods and Assumptions Used in Sensitivity Analysis All other assumptions were kept constant in determining the sensitivity results above.

Changes Since Previous Period There were no changes in the methods and assumptions used in preparing the sensitivity analysis.

Description of Asset-liability Matching Strategies Since the DBO is still unfunded, there are no plan assets to match against the DBO.

Description of Funding Arrangements and Policies Since the DBO is still unfunded, benefit claims under the DBO are paid directly by the Company when they become due.

Duration of Retirement Benefits Obligation The average duration of the retirement benefits obligation is 15.99 years.

## 20 Income Taxes

Components of provision for income taxes charged to profit or loss are as follows:

| | 2023 | 2022 |
|---|---|---|
| Current tax | **4,063,791** | 8,532,450 |
| Deferred tax | **-** | -495 |
| | **4,063,791** | 8,531,955 |

The reconciliation of the income tax expense computed at the statutory income tax rate to the actual provision for income taxes as shown in the statements of comprehensive income for the years ended March 31 is as follows:

| | 2023 | 2022 |
|---|---|---|
| Income before income tax | **454,055,600.00** | 35,883,994.00 |
| Less:Income exempt from tax | **400,000,000.00** | - |
| Other income subject to RCIT | **100,213.00** | 994,088.00 |
| Income subject to GIT | **53,955,387.00** | 34,889,906.00 |
| Tax expense at 5% | **2,697,769.00** | 1,744,495.00 |
| Nondeductible expense | **8,725,312.00** | 6,547,993.00 |
| Nontaxable income subject to Income Tax Holiday | **(7,355,341.00)** | - |
| Income tax expense at RCIT | **25,053.00** | 248,522.00 |
| Interest Income | **(29,002.00)** | (9,055.00) |
| | **4,063,791.00** | 8,531,955.00 |

The tax rate used for the 2023 and 2022 reconciliation above is the 5% special rate whose tax base is the gross income under the PEZA registered activities. Any income earned outside the PEZA registered activities are subject to Regular Corporate Income Tax (RCIT).

Registration with Philippine Economic Zone Authority (PEZA)

On March 29, 2010, the Company was registered with Philippine Economic Zone Authority (PEZA) as an Ecozone IT enterprise. The Company is entitled to incentives granted to non-pioneer projects under Republic Act (RA) 7916, the Special Economic Zone Act of 1995, as amended, and the PEZA IT Guidelines, which include a 4-year corporate Income Tax Holiday (ITH) for the original project in the eCommerce Plaza Building effective from the date of start of commercial operations. After the lapse of ITH, the Company is subject to a 5% Gross Income Tax (5% GIT) incentive, in lieu of all national and local taxes.

On December 28, 2011, the PEZA approved the Company’s application for the ITH extension based on Net Foreign Exchange Earnings (NFEE) criterion in accordance with EPZA (now PEZA) General Circular No. 94-001 and Rule XV, Section 6, Paragraph A (6) of the PEZA Rules. The ITH extension covered the period of November 1, 2012 to October 31, 2013.

Starting November 1, 2013, the Company is subject to the 5% GIT incentive.

On October 28, 2021 PEZA approved the Company’s request for its expansion activity, i.e. sales support, customer support, technical support, back-end support, and shared services at the 2nd Floor, eCommerce Plaza Eastwood Cyberpark, as Expansion Project of its original IT activity under the original contract. The Company’s expansion project is entitled to three (3) years Income Tax Holiday (ITH) on incremental sales, among other incentives under RA No. 11534, the CREATE Law, in accordance with the 2020 Investment Properties Plan (IPP). After the lapse of ITH, the Company is subject to a 5% Gross Income Tax (5% GIT), in lieu of all national and local taxes for.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act.

CREATE is an act reforming the corporate income tax and incentives system, amending for the purpose certain sections of Internal Revenue Code of 1997, as amended, and creating therein new title XIII, and for other purposes.

On March 26, 2021, the President of the Philippines has approved the CREATE Act, with nine (9) provisions vetoed by the President. Below are the salient features of the Act that are relevant to the Company:

a) Corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million. All other domestic corporations and resident foreign corporations will be subject to 25% income tax. Said reductions are effective July 1, 2020.

b) Minimum corporate income tax (MCIT) rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.

c) The imposition of improperly accumulated earnings tax has been repealed.

d) Definition of reorganization for purposes of applying the tax-free exchange provision under Section 40(C)(2) is expanded. Prior BIR ruling or confirmation shall not be required for purposes of availing the tax exemption of the exchange.

e) Qualified export enterprises shall be entitled to 4 to 7 years income tax holiday (ITH) to be followed by 10 years 5% SCIT OR Enhanced Deductions (ED).

f) Qualified domestic market enterprises shall be entitled to 4 to 7 years ITH to be followed by 5 years ED.

g) Registered enterprises are exempt from customs duty on importation of capital equipment, raw materials, spare parts, or accessories directly and exclusively used in the registered project or activity.

h) VAT exemption on importation and VAT zero-rating on local purchases shall only apply to goods and services directly and exclusively used in the registered project or activity by a registered business enterprise (RBE).

i) For investments prior to effectivity of CREATE: RBEs granted only an

ITH - continue with the availment of the ITH for the remaining period of the ITH. RBEs granted an ITH + 5% GIT or currently enjoying 5% GIT - allowed to avail of the 5% GIT for 10 years.

The measure is set to take effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation. After which, the implementing rules and regulation will be issued by the tax authority.

On April 8, 2021, the Bureau of Internal Revenue (BIR) issued the following implementing revenue regulations that are effective immediately upon publication:

- BIR Revenue Regulations (RR) No. 2-2021, Amending Certain Provisions of Revenue Regulations No. 2-98, As Amended, to Implement the Amendments Introduced by Republic Act No. 11534, or the “Corporate Recovery and Tax Incentives for Enterprises Act” (CREATE), to the National Revenue Code of 1997, as Amended, Relative to the Final Tax on Certain Passive Income

- BIR RR No. 3-2021, Rules and Regulations Implementing Section 3 of Republic Act (RA). No. 11534, Otherwise Known as the “Corporate Recovery and Tax Incentives for Enterprises Act” or “CREATE”, Amending Section 20 of the National Internal Revenue Code of 1997, As Amended

- BIR RR No. 4-2021, Implementing the Provisions on Value-Added Tax (VAT) and Percentage Tax Under Republic Act (RA) No. 11534, Otherwise Known as the “Corporate Recovery and Tax Incentives for Enterprises Act” (CREATE) Which Further Amended the National Revenue Code of 1997, as Amended, as Implemented by Revenue Regulations (RR) No. 16-2005 (Consolidated

Value-Added Tax Regulations of 2005), As Amended

- BIR RR No. 5-2021, Implementing the New Income Tax Rates on the Regular Income of Corporations, on Certain Passive Incomes, Including Additional Allowable Deductions from Gross Income of Persons Engaged in Business or Practice of Profession Pursuant to Republic Act (RA) No. 11534 or the “Corporate Recovery and Tax Incentives for Enterprises Act” (CREATE), Which Further Amended the National Revenue Code (NIRC) of 1997

  The corporate income tax of the Company will be lowered from 30% to 25% for large corporations on which the Company would qualify effective July 1, 2020.

**21. Fair Value Information**

The fair values of the Company's financial assets and liabilities are shown below.

| | | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | **Note** | **Carrying Amount** | **Fair Value** | **Carrying Amount** | **Fair Value** |
| Financial Assets | | | | | |
| Cash and cash equivalents | 6 | 775,530,589 | 775,530,589 | 287,550,507 | 287,550,507 |
| Trade receivables | 7 | 70,246,936 | 70,246,936 | 73,704,673 | 73,704,673 |
| Refundable deposits | 12 | 11,989,201 | 11,989,201 | 11,965,201 | 11,965,201 |
| | | **857,766,726** | **857,766,726** | **373,220,381** | **373,220,381** |
| Financial Liabilities | | | | | |
| Trade and other payables | 13 | 30,090,037 | 30,090,037 | 26,598,932 | 26,598,932 |
| Lease liabilities | 18 | 28,724,909 | 28,724,909 | 67,196,979 | 67,196,979 |
| | | **58,814,946** | **58,814,946** | **93,795,911** | **93,795,911** |

The trade and other payables is net of government payables, such as withholding taxes, which are not considered as financial liabilities. Government payables as at March 31, 2023 and 2022 amounted to P6,264,664 and P5,070,735, respectively.

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments:

Cash and Cash Equivalents, Trade Receivables and Trade and Other Payables

The carrying amounts of approximate their fair values due mainly to the relatively short-term maturities of these financial instruments.

Refundable Deposits

The carrying amount approximates it fair value as the effect of discounting is not considered material.

Lease Liabilities

The carrying amount approximates its fair value because the difference between the interest rate of this instrument and the prevailing market rate for a similar instrument is not considered significant

**22. Financial Risk Management**

Financial Risk Management Objectives and Policies

The Company is exposed to financial risks such as market risk which includes foreign currency exchange rate risk, interest rate risk, credit risk and liquidity risk. The Company's policies and objective in managing these risks are summarized below:

**Credit Risk**

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contact, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily from cash and cash equivalents and receivables).

With respect to credit risk arising from the Company's financial assets, which comprise of cash and cash equivalents, trade receivables and refundable deposits, the Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

The Company controls this risk through monitoring procedure and regular coordination with the debtors. Receivable balances are monitored on an ongoing basis with the result that its exposure to bad debts is not significant

The table below presents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained:

| | Note | 2023 | 2022 |
|---|---|---|---|
| Cash and cash equivalents* | 6 | **775,480,589** | 287,500,507 |
| Trade receivables | 7 | **70,246,936** | 73,704,673 |
| Refundable deposits | 12 | **11,989,201** | 11,965,201 |
| | | **857,716,726** | 373,170,381 |

*Excluding Cash on hand amounting P50,000 in 2023 and 2022.

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

ECLs are a probability-weighted estimate of credit losses (i.e., the present value of all cash shortfalls) over the expected life of the financial instrument.

The Company's current credit risk grading framework comprises the following categories:

| Category | Description | Basis for Recognizing Expected Credit Losses |
|---|---|---|
| Performing | The counterparty has a low risk of default and does not have any past-due amounts | 12month ECL |
| Doubtful | Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition | Lifetime ECL - not credit-impaired |
| In default | Amount is >90 days past due or there is evidence indicating the asset is credit-impaired | Lifetime ECL - credit-impaired |
| Write-off | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery | Amount is written-off |

The following table details the credit quality of the Company's financial assets and other items, as well as the Company's maximum credit exposure to credit risk by credit risk rating grades as at March 31, 2023 and 2022:

| 2023 | Note | Internal Credit-rating | 12m or Lifetime ECL | Gross Carrying Amount | Loss Allowance | Net Carrying Amount |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 6 | Performing | 12m ECL | 775,480,589 | - | 775,480,589 |
| Trade receivables | 7 | Performing | Lifetime ECL (simplified approach) | 70,246,936 | - | 70,246,936 |
| Refundable deposits | 12, 18 | Performing | 12m ECL | 11,989,201 | - | 11,989,201 |
| | | | | **857,716,726** | **-** | **857,716,726** |

| 2022 | Note | Internal Credit-rating | 12m or Lifetime ECL | Gross Carrying Amount | Loss Allowance | Net Carrying Amount |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 6 | Performing | 12m ECL | 287,500,507 | - | 287,500,507 |
| Trade receivables | 7 | Performing | Lifetime ECL (simplified approach) | 73,704,673 | - | 73,704,673 |
| Refundable deposits | 12, 18 | Performing | 12m ECL | 11,965,201 | - | 11,965,201 |
| | | | | **373,170,381** | **-** | **373,170,381** |

For trade and other receivables, the Company has applied the simplified approach in PFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

**Liquidity Risk**

Liquidity risk arises when the Company encounters difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining a level of liquid assets deemed sufficient to finance the operations and to mitigate the effect of fluctuation in cash flows.

The following tables detail the Company's remaining contractual maturity for its

non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

| | Note | Within 12 Months | More than 12 Months |
|---|---|---|---|
| 31-Mar-23 | | | |
| Trade and other payables | 13 | **30,090,037** | P - |
| Lease liabilities | 18 | **29,558,186** | 0 |
| | | **59,648,223** | 0 |

| | Note | Within 12 Months | More than 12 Months |
|---|---|---|---|
| 31-Mar-22 | | | |
| Trade and other payables | 13 | **26,598,932** | P - |
| Lease liabilities | 18 | **46,260,756** | 23,688,554 |
| | | **72,859,688** | 23,688,554 |

**Interest Rate Risk**

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The primary source of the Company's interest rate risk relates to cash in banks and lease liabilities. The interest rates on these assets is disclosed in Notes 6 and 18.

The Company has a policy in place in managing interest rate risk and is monitored on an ongoing basis.

**Foreign Currency Risk**

Foreign exchange risk arises when an investment 's value changes due to variations in the currency exchange rate. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities that are denominated in a currency that is not the Company's functional currency. The Company undertakes certain transactions denominated in Philippine Peso. Hence, exposures to exchange rate fluctuations arise with respect to such transactions.

Significant fluctuation in the exchange rates could significantly affect the Company's financial position. The Company has a policy in place in managing foreign currency risk and is monitored on an ongoing basis.

The carrying amounts of the Company's foreign currency denominated monetary assets as at March 31, 2023 and 2022 are as follows:

| | **2023** | 2022 |
|---|---|---|
| Cash and cash equivalents | **135,075,825** | 157,618,826 |
| Trade and other receivables | **70,246,936** | 73,704,673 |
| Total exposure | **205,322,761** | 231,323,499 |

The following table details the Company's sensitivity to the exchange rate fluctuation of U.S. Dollar against Philippine Peso. The sensitivity rates used in reporting foreign currency risk internally to key management personnel is 5% in 2023 and 3.75% in 2022, respectively, which represent Management's assessment of the reasonably possible change in foreign exchange rates based on historical trends. The sensitivity analysis includes only outstanding foreign currency-denominated monetary items as at the end of the reporting period. A negative number below indicates a decrease in profit when the US Dollar strengthen by 5% in 2023 and 3.75% in 2022 against the relevant currency. For a 5% increase of the US Dollars against Philippine Peso in 2023 and 2022, there would be an equal and opposite impact on profit and the balances below would be negative.

**Effect on Net Income after Tax and Equity for the Year**

| | **2023** | **2022** |
|---|---|---|
| Cash and cash equivalents | **6,753,791.00** | 5,910,706 |
| Trade and other receivables | **3,512,347.00** | 2,763,925 |
| | **10,266,138.00** | 8,674,631 |

The above sensitivity analysis is applicable in determining the effect on equity of the changes in foreign exchange rates.

In Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, maximize shareholder value, maintain various stakeholders' confidence and sustain future development of the business. The Company manages its capital structure and makes adjustments to these ratios in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may issue stock dividend to shareholders, return or issue capital. No significant changes have been made in the capital management approach as they have been applied in previous years. The Company has not been subjected to externally imposed capital requirements. No major changes were made in the objectives, policies and procedures in 2023 and 2022.

The debt to equity ratio at year-end was as follows:

| | **2023** | 2022 |
|---|---|---|
| Debt | **100,025,449** | 126,994,164 |
| Equity | **814,687,612** | 363,483,103 |
| | **0.12:1** | 0.35:1 |

# VCUSTOMER PHILIPPINES (CEBU), INC.

**Board of Directors**
Mr. Anand Achuthan
Mr. Narinder Singh Sethi
Ms. Lynette De Guzman
Ms. Jeane R.T Montes
Ms. Ricci Katherine Padre

**Registered Office**
6th Floor EBLOC 3, Geonzon St. Cebu IT Park Apas Lahug
Cebu City, Philippines 6000

**Bankers**
UNION BANK OF THE PHILIPPINES

**Auditors**
R.G. MANABAT & CO.

# DIRECTORS' REPORT

Your Directors present their Report together with the audited accounts of vCustomer Philippines (Cebu), Inc. (vCPCI) for the year ended March 31, 2023.

**Financial Results (PHP):**

| For the years ended | March 31, 2023 | March 31, 2022 |
|---|---|---|
| | PHP | PHP |
| Revenue | 2,591,756,250 | 2,142,706,604 |
| Profit | 254,292,445 | 196,569,702 |

**Review of Operations:**

For the fiscal year ended March 31, 2023, vCPCI reported revenue amounted to PHP 2,591,756,250, an increase of PHP 449,049,646 over the last reporting year ended March 31, 2022. Profit for the fiscal year ended March 31, 2023 amounted to PHP 254,292,445, 29% increase over the last reporting year. Certain project of vCPCI is still entitled to Income Tax Holiday (ITH).

**Future Plans and Appropriations:**

vCPCI made a reversal of the Appropriated Retained Earnings of PHP 686,000,000 intended for the expansion projects. Additional appropriation of the amount of PHP 540,000,000 from its current retained earnings as at March 31, 2023 to be used by the Company for its expansion projects, office renovation and equipment upgrade in the year 2023 until 2024. vCPCI is expecting engagement of additional account/clients and increase and employee headcount.

**Acknowledgements:**

Your Directors gratefully acknowledge the contributions made by the employees towards the success of the Company. Your Directors also thank the customers, suppliers, bankers, Government Authorities and the shareholder/s for the co-operation and assistance received from them.

**Anand Achuthan**
**President**

**Lynette De Guzman**
Director, Chief Finance Officer

Place: Cebu City Philippines
Date: May 15, 2023

# REPORT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
**vCustomer Philippines (Cebu), Inc.**
6th Floor EBLOC 3, Geonzon St. Cebu IT Park
Apas Lahug, Cebu City

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of vCustomer Philippines (Cebu), Inc. (the “Company”), a wholly owned subsidiary of vCustomer Philippines, Inc., which comprise the statements of financial position as at March 31, 2023 and 2022, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes, including significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

**Basis for Opinion**

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

**Auditors’ Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ 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 PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 23 to the basic financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**R.G. MANABAT & CO.**

DINDO MARCO M. DIOSO
Partner
CPA License No. 0095177
SEC Accreditation No. 95177-SEC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements
Tax Identification No. 912-365-765
BIR Accreditation No. 08-001987-030-2022
Issued June 27, 2022; valid until June 27, 2025
PTR No. MKT 9563826
Issued January 3, 2023 at Makati City

June 15, 2023
Makati City, Metro Manila

# REPORT OF INDEPENDENT AUDITORS

## TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING

## WITH THE BUREAU OF INTERNAL REVENUE

The Stockholders and Board of Directors
**vCustomer Philippines (Cebu), Inc.**
6th Floor EBLOC 3, Geonzon St. Cebu IT Park
Apas Lahug, Cebu City

We have audited the accompanying financial statements of vCustomer Philippines (Cebu), Inc. (the “Company”), a wholly owned subsidiary of vCustomer Philippines, Inc., as at and for the year ended March 31, 2023, on which we have rendered our report dated June 15, 2023.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholder of the Company.

**R.G. MANABAT & CO.**

DINDO MARCO M. DIOSO
Partner
CPA License No. 0095177
SEC Accreditation No. 95177-SEC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements
Tax Identification No. 912-365-765
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Issued June 27, 2022; valid until June 27, 2025
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June 15, 2023
Makati City, Metro Manila

# SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

The Stockholders and Board of Directors
**vCustomer Philippines (Cebu), Inc.**
6th Floor EBLOC 3, Geonzon St. Cebu IT Park,
Apas Lahug, Cebu City

We have audited the accompanying financial statements of vCustomer Philippines (Cebu), Inc. (the "Company"), a wholly owned subsidiary of vCustomer Philippines, Inc., as at and for the year ended March 31, 2023, on which we have rendered our report dated June 15, 2023.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the said Company has one (1) stockholder owning more than one hundred (100) shares.

**R.G. MANABAT & CO.**

DINDO MARCO M. DIOSO
Partner
CPA License No. 0095177
SEC Accreditation No. 95177-SEC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements
Tax Identification No. 912-365-765
BIR Accreditation No. 08-001987-030-2022
Issued June 27, 2022; valid until June 27, 2025
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June 15, 2023
Makati City, Metro Manila City, Metro Manila

**(A Wholly Owned Subsidiary of vCustomer Philippines, Inc.)**

# STATEMENTS OF FINANCIAL POSITION

| | Note | March 31 2023 | 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 6, 20,21 | **P151,417,721** | P431,795,781 |
| Trade and other receivables | 7, 20, 21 | **419,373,239** | 177,721,358 |
| Prepaid expenses and other current assets | 8 | **4,688,143** | 11,618,331 |
| **Total Current Assets** | | **575,479,103** | 621,135,470 |
| **Noncurrent Assets** | | | |
| Property and equipment - net | 9 | **253,040,365** | 306,462,940 |
| Right-of-use assets - net | 17 | **662,296,880** | 349,637,308 |
| Intangible assets - net | 10 | **642,610** | 1,385,974 |
| Refundable deposits - net | 11, 20, 21 | **41,920,133** | 36,690,875 |
| Total Noncurrent Assets | | **957,899,988** | 694,177,097 |
| | | **P1,533,379,091** | P1,315,312,567 |
| **LIABILITIES AND EQUITY** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | 12, 20, 21 | **P166,232,062** | P150,735,277 |
| Lease liabilities - current portion | 17, 20 | **165,455,330** | 108,383,640 |
| Income tax payable | | **5,184,405** | 1,980,241 |
| **Total Current Liabilities** | | **336,871,797** | 261,099,158 |
| **Noncurrent Liabilities** | | | |
| Lease liabilities - net of current portion | 17, 20 | **519,131,575** | 267,368,853 |
| Retirement benefits obligation | 18 | **51,869,900** | 46,392,900 |
| Deferred tax liability | 19 | **-** | 199,982 |
| **Total Noncurrent Liabilities** | | **571,001,475** | 313,961,735 |
| **Total Liabilities** | 22 | **907,873,272** | 575,060,893 |
| **Equity** | | | |
| Share capital | 14 | **9,500,000** | 9,500,000 |
| Retained earnings | 14 | **541,633,190** | 687,340,745 |
| Cumulative remeasurement gain on retirement benefits | 18 | **74,372,629** | 43,410,929 |
| | 22 | **625,505,819** | 740,251,674 |
| | | **P1,533,379,091** | P1,315,312,567 |

See Notes to the Financial Statements.

vCUSTOMER PHILIPPINES (CEBU), INC.

**(A Wholly Owned Subsidiary of vCustomer Philippines, Inc.)**

# STATEMENTS OF COMPREHENSIVE INCOME

| | Note | Years Ended March 31 2023 | 2022 |
|---|---|---|---|
| **SERVICE REVENUE** | 13 | **P2,591,756,250** | P2,142,706,604 |
| **COST OF SERVICES** | 15 | **1,859,778,492** | 1,517,183,760 |
| **GROSS PROFIT** | | **731,977,758** | 625,522,844 |
| **OPERATING EXPENSES** | 16 | **478,102,729** | 415,118,136 |
| **INCOME FROM OPERATIONS** | | **253,875,029** | 210,404,708 |
| **OTHER INCOME (CHARGES)** | | | |
| Foreign exchange gain | | **30,901,023** | 9,929,216 |
| Interest expense | 17 | **(18,260,825)** | (15,700,824) |
| Gain from sale of fixed asset | | **5,144,070** | 5,257,108 |
| Interest income | 6 | **281,157** | 186,590 |
| Others | 12 | **-** | 53,196 |
| | | **18,065,425** | (274,714) |
| **INCOME BEFORE INCOME TAX** | | **271,940,454** | 210,129,994 |
| **PROVISION FOR INCOME TAX** | 19 | **17,648,009** | 13,560,292 |
| **NET INCOME** | | **254,292,445** | 196,569,702 |
| **OTHER COMPREHENSIVE INCOME** | | | |
| Item that will not be reclassified subsequently to profit or loss | | | |
| Remeasurement gain on retirement benefits | 18 | **30,961,700** | 7,153,600 |
| **TOTAL COMPREHENSIVE INCOME** | | **P285,254,145** | P203,723,302 |

See Notes to the Financial Statements.

**(A Wholly Owned Subsidiary of vCustomer Philippines, Inc.)**

# STATEMENTS OF CHANGES IN EQUITY

| | Note | Years Ended March 31 2023 | 2022 |
|---|---|---|---|
| **SHARE CAPITAL** | 14 | **P9,500,000** | P9,500,000 |
| **RETAINED EARNINGS** | | | |
| Appropriated | | | |
| Balance at beginning of year | 14 | **686,000,000** | 489,000,000 |
| Appropriation for business expansion | 14 | **540,000,000** | 686,000,000 |
| Reversal of appropriation | 14 | **(686,000,000)** | (489,000,000) |
| Balance at end of year | | **540,000,000** | 686,000,000 |
| Unappropriated | | | |
| Balance at beginning of the year | | **1,340,745** | 1,771,043 |
| Net income during the year | | **254,292,445** | 196,569,702 |
| Cash dividends | 13 | **(400,000,000)** | - |
| Appropriation for business expansion | 14 | **(540,000,000)** | (686,000,000) |
| Reversal of appropriation | 14 | **686,000,000** | 489,000,000 |
| Balance at end of year | | **1,633,190** | 1,340,745 |
| Total retained earnings | | **541,633,190** | 687,340,745 |
| **CUMULATIVE REMEASUREMENT GAIN ON RETIREMENT BENEFITS** | | | |
| **Item that will not to be reclassified subsequently to profit or loss** | | | |
| Balance at beginning of year | | **43,410,929** | 36,257,329 |
| Remeasurement gain during the year | 18 | **30,961,700** | 7,153,600 |
| **Balance at end of year** | | **74,372,629** | 43,410,929 |
| | | **P625,505,819** | P740,251,674 |

See Notes to the Financial Statements.

**(A Wholly Owned Subsidiary of vCustomer Philippines, Inc.)**

# STATEMENTS OF CASH FLOWS

| | Note | Years Ended March 31 2023 | 2022 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Income before income tax | | **P271,940,454** | P210,129,994 |
| Adjustments for: | | | |
| Depreciation and amortization | 9, 10, 17 | **319,758,515** | 262,677,814 |
| Retirement benefits cost | 18 | **38,682,600** | 25,625,900 |
| Interest expense | 17 | **18,260,825** | 15,700,824 |
| Unrealized foreign exchange loss - net | | **666,584** | 3,999,643 |
| Write-off of payables | 12 | **-** | (53,197) |
| Interest income | 6 | **(281,157)** | (186,590) |
| Operating income before working capital changes | | **649,027,821** | 517,894,388 |
| Changes in operating assets and liabilities: | | | |
| Decrease (increase) in: | | | |
| Trade and other receivables | | **(241,651,881)** | (3,626,476) |
| Prepaid expenses and other current assets | | **6,930,187** | (2,387,767) |
| Refundable deposits | | **(5,229,258)** | (7,419,257) |
| Increase in trade and other payables | | **15,496,785** | 29,398,027 |
| Cash generated from operations | | **424,573,654** | 533,858,915 |
| Income tax paid | | **(14,643,827)** | (13,198,986) |
| Retirement benefits paid | 18 | **(2,243,900)** | (906,600) |
| Interest received | 6 | **281,157** | 186,590 |
| Net cash generated from operating activities | | **407,967,084** | 519,939,919 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Additions to property and equipment | 9 | **(145,977,337)** | (298,732,703) |
| Additions to intangible assets | 10 | **-** | (1,142,545) |
| Cash used in investing activities | | **(145,977,337)** | (299,875,248) |
| **CASH FLOWS FROM A FINANCING ACTIVITY** | | | |
| Cash dividend payments | 13 | **(400,000,000)** | - |
| Repayments of lease liabilities | 17 | **(141,701,223)** | (107,082,770) |
| Cash used in financing activities | | **(541,701,223)** | (107,082,770) |
| **EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS** | | **(666,584)** | (3,999,643) |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | **(280,378,060)** | 108,982,258 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | | **431,795,781** | 322,813,523 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | 6 | **P151,417,721** | P431,795,781 |

See Notes to the Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

**1. Reporting Entity**

vCustomer Philippines (Cebu), Inc. (the "Company") was incorporated on January 20, 2011 primarily to carry on the business of providing services to customers in any part of the world through any and all medium of communication including internet and telephone including management services, solutions to business problems, web designing, customer relations, development/production of software and software systems, data warehousing , data mining, processing and analysis including assimilation, sorting, processing and communication of date ang graphs, development of computer system, software development, data preparation and verification, data analysis, data transmission and computation through the computer or other devices encompassing digital, analogue and graphic processes and any other medium and processes as may evolve and to deal on all areas relating to information technology; to undertake merchandising and logistic activities in the area of electronic commerce as well as other form of commerce and commercial transactions and to undertake the operation and management of e-mail services centers, customer response centers, computer education and centers for the foregoing operations, loyalty incentive and motivation programmes, direct marketing activities, database management, back office support and all internet and web related work; and in addition, to have shared resources and assets with other entities providing similar services.

The Company is a wholly owned subsidiary of vCustomer Philippines, Inc. (the "Parent Company"), a Company incorporated in the Philippines, and located at 3rd Floor eCommerce Plaza, Eastwood Cyberpark, Quezon City. The Parent Company is a wholly owned subsidiary of Tech Mahindra Limited (the "Ultimate Parent"), a corporation organized and existing under the laws of India.

In February 2021, Security and Exchange Commission (SEC) approved the Company's change of principal place of business or registered address from 90 General Maxilom Avenue, Cebu City to at 6th Floor EBLOC 3, Geonzon St. Cebu IT Park, Apas Lahug, Cebu City.

The Parent Company's registered principal office address is at 3rd Floor, eCommerce Plaza, Eastwood Cyberpark, Quezon City, Philippines.

The Company is registered with the Philippine Economic Zone Authorities (PEZA) under Republic Act No. 7916 (The Special Economic Zone Act of 2005) as an Ecozone IT Enterprise on February 8, 2011.

The Company is concurrently registered with the Philippine Board of Investments (BOI) under Executive Order No. 226 (Omnibus Investment Code of 1987) as an Export Market Enterprise on December 22, 2022.

Registration with the Philippine Economic Zone Authority (PEZA)

JESA Building, Cebu City (2nd, 4th, 5th and 6th Floors) On February 8, 2011, the Company was registered with the Philippine Economic Zone Authority (PEZA) as an Ecozone IT enterprise. The Company is entitled to incentives granted to non-pioneer projects under Republic Act (RA) 7916, the Special Economic Zone Act of 1995, as amended, and the PEZA IT Guidelines, which include a 4-year corporate Income Tax Holiday (ITH) for the original project in the JESA Building effective from the date of start of commercial operations. After the lapse of ITH, the Company is subject to a 5% Gross Income Tax (5% GIT) incentive, in lieu of all national and local taxes. The Company started its commercial operations on July 1, 2011 and enjoyed the ITH up to June 30, 2015.

On February 20, 2015, the PEZA approved the Company's application for the ITH extension based on Net Foreign Exchange Earnings (NFEE) criterion in accordance with EPZA (now PEZA) General Circular No. 94-001 and Rule XV, Section 6, Paragraph A (6) of the PEZA Rules. The ITH extension covered the period of July 1, 2015 to June 30, 2016.

On October 18, 2016, the PEZA approved the Company's application for the additional ITH extension based on Capital Equipment to Labor Ratio (CELR) criterion in accordance with EPZA (now PEZA) General Circular No. 94-001 and Rule XV, Section 6, Paragraph A (6) of the PEZA Rules. The additional ITH extension covered the period of July 1, 2016 to June 30, 2017. Effective July 1, 2017, the Company's ITH lapsed.

Starting July 1, 2017, the JESA Building site is subject to the 5% GIT incentive. As at March 31, 2021, the lease agreement in JESA Building was not renewed. The existing 5% GIT incentive are transferred to the existing operations at the 7th,8th, and 9th floors of EBLOC Tower 3. EBLOC Tower 3, Cebu IT Park, Cebu City (7th, 8th and 9th Floors)

Under the Supplemental Agreement (SA) dated February 26, 2015, the PEZA approved a new non-pioneer project located at 7th and 8th Floor, EBLOC Tower 3, Cebu IT Park, Cebu City. The Company amended the SA dated August 17, 2015 to include the Company's application for its additional sales, customer, technical and shared service support activities at the 9th floor EBLOC Tower 3. On March 7, 2016, the entitlement to the 4-year ITH was validated and confirmed/approved. The Company started its commercial operations on April 1, 2015 and enjoyed the ITH up to March 31, 2019.

On September 05, 2019, PEZA approved the Company's application for ITH extension based on Net Foreign Exchange Earnings (NFEE) criterion in accordance with EPZA (now PEZA) General Circular No. 94-001 and Rule XV, Section 6, Paragraph A (6) of the PEZA Rules. The ITH extension covered the period of April 1, 2019 to March 31, 2020. On June 7, 2020, the Company received a certification from PEZA that it has filed anapplication for the extension of ITH covering the period from April 1, 2020 to March 31, 2021. The Company received a Certification from PEZA of its entitlement to 5% GIT on December 31, 2021.

**EBLOC Tower 3, Cebu IT Park, Cebu City (6th Floor)**

Under Supplemental Agreement (SA) dated July 23, 2019, the PEZA approved the Company's expansion project on sales support, customer support, technical support and shared service located at 6th Floor,EBLOC Tower 3, Cebu IT Park, Cebu City. On April 22, 2020, PEZA approved the date of Start ofCommercial Operation (SCO) of its expansion project which gave the Company an ITH entitlement from September 1, 2019 to August 31, 2022. The Company received a Certification from PEZA of its entitlement to ITH on December 31, 2021.

**Filinvest Cebu, Cyberzone Tower 2, Cebu City (14th, 15th, 16th and 17th Floors)**

Under Supplemental Agreement (SA) dated July 23, 2019, the PEZA approved the Company's application for registration of new activity, particularly to engage in sales support, customer support, technical support and shared services at the 14th, 15th, 16th and 17th Floors of Filinvest Cebu Cyberzone Tower 2. The Company received a Certification from PEZA of its entitlement to ITH on December 31, 2021.

Under Supplemental Agreement (SA) dated October 28, 2021, the PEZA approved the Company's request for expansion project in providing sales support, customer support, technical support, back-end support, shared services at the 10th ,11th & 12th Floors, Filinvest Cebu Cyberzone. The Company received a Certification from PEZA of its entitlement to ITH on December 31, 2021. On June 16, 2022, the PEZA approved the Company's request for extension of operations to add 9th floor Filinvest Cebu Tower 2 to the existing SA for 10th, 11th & 12th floor Filinvest Cebu Tower 2. Operations on the 9th floor will be covered by the same incentives under SA dated October 28, 2021.

Under Supplemental Agreement (SA) dated October 10, 2022, the PEZA approved the Company's request for its expansion activity, specifically to engage in providing sales support, customer support, technical support, back end support, shared services at the 18th Floor, Filinvest Cebu Cyberzone Tower 2, Filinvest Cebu Cyberzone, Salinas Drive Cor. W. Geonzon St., Barangay Apas, Lahug, Cebu City. The Company's expansion project is entitled to three (3) years Income Tax Holiday (ITH) on incremental sales. The income qualified shall be limited to the income directly attributable to the eligible revenue generated from the approved project. After the lapse of ITH, the Company is subject to a 5% Gross Income Tax (5% GIT) for 10 years. Thereafter, the Registrant shall pay the Regular Corporate Income Tax (RCIT) for the approved project.

## 2. Basis of Preparation

**Statement of Compliance**

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs which are issued by the Financial and Sustainability Reporting Standards Council (FSRSC), consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

**Basis of Measurement**

The financial statements have been prepared on a historical cost basis of accounting except for retirement benefits obligation which is recognized at the present value of the defined benefits obligation.

**Functional and Presentational Currency**

These financial statements are presented in Philippine Peso, the currency of the primary economic environment in which the Company operates. All amounts are recorded in the nearest peso, except when otherwise indicated.

**Authorization for the Issuance of the Financial Statements**

The accompanying financial statements of the Company as of and for the years ended March 31, 2023 and 2022 was authorized for issue by the Board of Directors (BOD) on May 15, 2023.

## 3. Adoption of New Standards, Amendments to Standards and Interpretations

The Company has adopted the following amendments to standards starting April 1, 2022 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these new and amendments to standards did not have any significant impact on the Company's separate financial statements. These are as follows:

**Effective January 1, 2022**

- Property, Plant and Equipment - Proceeds before Intended Use (Amendments to PAS 16, Property, Plant and Equipment). The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, Inventories.

  The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

  For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income (loss). This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income (loss).

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

- Onerous Contracts - Cost of Fulfilling a Contract (Amendment to PAS 37 Provisions, Contingent Liabilities and Contingent Assets). The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract - i.e. it comprises both incremental costs and an allocation of other direct costs.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS Standards 2018-2020. This cycle of improvements contains amendments to four standards:

  Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9, Financial Instruments). The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16). The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

**Amendments Issued but Not Yet Adopted**

A number of amendments to standards effective for annual periods beginning after April 1, 2023. However, the Company has not early adopted the following new or amended standards in preparing these separate financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's separate financial statements.

**Effective April 1, 2023**

- Classification of Liabilities as Current or Non-current (Amendments to PAS 1, Presentation of Financial Statements). To promote consistency in application and clarify the requirements on determining whether a liability is current or non-current, the amendments:

- removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

- clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or non-current.

  The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

  In November 2021, the International Accounting Standards Board issued the Exposure Draft, Non-Current Liabilities with Covenants, after considering stakeholder feedback on the December 2020 tentative agenda decision issued by the IFRS Interpretations Committee about the amendments. The exposure draft proposes to again amend IAS 1 as follows:

- conditions which the entity must comply within twelve months after thereporting period will have no effect on the classification as current or non-current.

- additional disclosure requirements will apply to non-current liabilities subject to such conditions to enable the assessment of the risk that the liability could become repayable within twelve months.

- separate presentation in the statement of financial position will be required for non-current liabilities for which the right to defer settlement is subject to conditions within 12 months after the reporting period.

  The effective date of the amendments will be deferred to no earlier than January 1, 2024. Comments on the Exposure Draft is due on March 21, 2022.

- Definition of Accounting Estimates (Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors). To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remain unchanged. The amendments also provide examples on the application of the new definition. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- Disclosure of Accounting Policies (Amendments to PAS 1, Presentation of Financial Statements and PFRS Practice Statement 2, Making Materiality Judgements). The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;

- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures. The amendments are effective from January 1, 2023. Earlier application is permitted.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12, Income Taxes). The amendments clarify that that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations.

  The amendments apply for annual reporting periods beginning on or after January1, 2023. Earlier application is permitted.

  For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

## 4. Significant Accounting Policies

The significant accounting policies and practices applied in the preparation of these financial statements are set forth to facilitate the understanding of data presented in the financial statements. These policies have been consistently applied to all years presented unless otherwise stated.

**Current versus Noncurrent Classification**

The Company presents assets and liabilities in the statements of financial position based on current or noncurrent classification.

An asset is 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 (12) months after the financial reporting period;
- Expected to be settled on demand; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the financial reporting period.

All other assets are classified as noncurrent. Deferred tax assets are classified as noncurrent assets.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve (12) months after the financial reporting period;
- It is expected to be settled in demand; or
- There is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the financial reporting period.

All other liabilities are classified as noncurrent. Deferred tax liabilities are classified as noncurrent liabilities.

Financial Instruments

**Financial Assets**

Financial assets are recognized when the Company becomes a party to the contractual provisions of a financial instrument. Financial assets are derecognized when the rights to receive cash flows from the financial assets expire, or if the Company transfers the financial asset to another party and does not retain control or substantially all risks and rewards of the asset. Purchases and sales of financial assets in the normal course of business are accounted for at settlement date (i.e., the date that the asset is delivered to or by the Company). At initial recognition, the Company measures its financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset

Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated as fair value through profit or loss, includes transaction costs.

After initial recognition, the Company classifies its financial assets as subsequently measured at either i) amortized cost, ii) fair value through other comprehensive income or iii) fair value through profit or loss on the basis of both:

The Company's business model for managing the financial assets.

The contractual cash flow characteristics of the financial asset.

Subsequent to initial recognition, financial assets are measured as described below.

At each balance sheet date, the Company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognizes a loss allowance for expected credit losses for financial assets measured at either amortized costs or at fair value through other comprehensive income. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 months of expected credit losses.

If, at the reporting date, the credit risk on a financial instrument has increased significantly since initial recognition, the Company measures the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses. The Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

**Financial Assets at Amortized Cost**

Financial assets are measured at amortized cost if both i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and ii) 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.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction cost directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, less any impairment losses.

Financial assets at amortized cost are classified as current assets when the Company expects to realize the asset within 12 months from reporting date. Otherwise, these are classified as noncurrent assets.

Cash and cash equivalents, trade and other receivables and refundable deposits are generally included in this category.

Cash includes cash on hand, cash in banks and cash equivalents.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Company classifies an investment as cash equivalent if that investment has a maturity of three months or less from the date of acquisition.

**Financial Liabilities**

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. Financial liabilities are derecognized when the Company's obligations specified in the contract expire or are discharged or cancelled.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company generally classifies all financial liabilities as subsequently measured at amortized cost.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade and other payables and lease liabilities are generally included in this category.

**Prepaid Expenses and Other Current Assets**

Prepaid expenses represent expenses not yet incurred but already paid in cash. Prepaid expenses are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Other current assets pertain to resources controlled by the Company as a result of past events and from which future economic benefits are expected to flow to the Company.

Prepaid expenses and other current assets are classified in the statements of financial position as current asset when the cost of services related to the prepaid expenses and other current assets are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepaid expenses are classified as non-current assets.

**Property and Equipment**

Property and equipment are initially measured at cost. The cost of an item of property and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and

- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

At the end of each reporting period, items of property and equipment are measured at cost less any subsequent accumulated depreciation and impairment losses.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

| | Number of Years |
|---|---|
| Office equipment | 5 |
| Communication equipment | 3 |
| Furniture and fixtures | 3 |
| Leasehold improvements | 3 or lease term whichever is shorter |

Leasehold improvements are amortized over the improvements' useful life of three years or when shorter, the term of the relevant lease.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss.

At the end of each reporting period, the Company assesses whether there is any indication that any of its property and equipment is impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**Intangible Assets**

Intangible Asset Acquired Separately

Intangible assets are initially measured at cost. Subsequent to initial recognition, intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives. The estimated useful life and the amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**Share Capital**

Ordinary shares is classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

**Retained Earnings**

Retained earnings and deficit represent accumulated profits and losses earned and incurred by the Company. Retained earnings and deficit may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

**Revenue Recognition**

The Company identifies each distinct performance obligation to transfer services. The Company recognizes revenue when (or as) it satisfies a performance obligation by transferring the control of services to the customer. The transaction price is the amount of consideration the Company expects to receive under the arrangement. The Company concluded that it is acting as principal for its revenue arrangement.

Sale of Services. The Company provides services assistance to its Parent Company in the ordinary course of business. Such services are recognized as a performance obligation satisfied over time.

Interest income. Interest income is recognized as the interest accrues using the effective interest method

**Expense Recognition**

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or increase of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

**Employee Benefits**

Short-Term Benefits

The Company recognizes a liability, net of amounts already paid, and an expense for services rendered by employees during the accounting period. A liability is also 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.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

**Post-Employment Benefits**

Defined Benefit Plan

The Company classifies its retirement benefit as defined benefit plans. Under the defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), are reflected immediately in the statements of financial position with a charge or credit recognized in OCI in the period in which they occur. Remeasurement recognized in OCI is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefits liability or asset. Defined benefits costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurements.

The Company presents the first two components of defined benefits costs in profit or loss in the line item ‘retirement benefits costs. Curtailment gains and losses are accounted for as past service costs.

The retirement benefits obligation recognized in the statements of financial position represents the liability of the Company for its post-employment benefits.

**Compensated Leave Credits**

The Company’s net obligation in respect of accumulated leaves is the amount of future benefit that employees have earned in return for their services in the current and prior periods. This benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

**Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

**As a Lessee**

The Company recognizes a right-of-use assets and a lease liabilities at the lease commencement date. The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove or restore the underlying asset or the site on which it is located, less any incentives received.

The right-of-use assets are subsequently depreciated using the straight-linemethodfrom the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of lease term. The estimated useful lives of theright-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use assets are periodically reduced byimpairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rates as the discount rate.

Lease payments included in the measurement of the lease liabilities comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liabilities are measured at amortized cost using the effective interest method. This are remeasured if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

The ROU assets and lease liabilities are presented in the statements of financial position separately from other assets and liabilities, respectively.

**Related Party Transactions**

A related party transaction is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged. Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making the financial and operating decisions. Such relationship also exists between and/or among entities under common control with the reporting enterprises and their key management personnel, directors, or its stockholders. Related parties may be individuals or corporate entities. In considering each possible related party relationships, attention is directed to the substance of the relationship, and not merely the legal form.

**Income Taxes**

Income tax expense recognized in the statements of comprehensive income of the Company represents the current tax expense and deferred tax expense.

Under the Company's registration with the PEZA pursuant to the provisions of Republic Act (R.A.) No. 7916, the Company is subject to 5% final tax on gross income from PEZA-registered activities in lieu of payment of national and local taxes.

Uncertainties related to taxes that are not income taxes are recognized and measured in accordance with PAS 37 unless they are dealt with specifically in another standard.

If there is uncertainty about an income tax treatment, then the Company considers whether it is probable that a tax authority will accept the Company's tax treatment included in its tax filing. The underlying assumption in the assessment is that a tax authority will examine all amounts reported and will have full knowledge of all relevant information.

**Current Tax**

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using 5% of gross income earned from registered activities. For income other than its registered activities, tax rate is 25%. For income other than its registered activities, tax rate is 25% or exempt when the activities are included under income tax holiday.

**Deferred Tax**

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

**Provisions**

Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation through an outflow of resources embodying economic benefits, and the amount of the obligation can be estimated reliably.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the cash flows estimated to settle the present obligation. Its carrying amount is the present value of those cash flows.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

**Contingencies**

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

**Foreign Currency**

Transactions in currencies other than Philippine peso are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated In foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Gains and losses arising on retranslation are included in profit or loss for the year. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

**Events After the Reporting Period**

The Company identifies events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The financial statements of the Company are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to financial statements when material.

**5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty**

In the application of the Company's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical Judgments in Applying Accounting Policies**

The following are the critical judgments, apart from those involving estimations, that Management have made in the process of applying the entity 's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

**Functional Currency**

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has determined to be the Philippine Peso.

The Philippine Peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the Company's cost of operation, and in effect, its revenue.

Determination of the Term and Discount Rate of Lease Arrangements

Where the Company is the lessee, management is required to make judgments about whether an arrangement contains a lease, the lease term and the appropriate discount rate to calculate the present value of the lease payments.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases entered into by the Company as lessee, management uses the incremental borrowing rate, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

To determine the incremental borrowing rate, the Company uses an approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company and makes adjustments specific to the lease.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if it is reasonably certain that the lease will be extended (or not terminated) and, as such, included within lease liabilities.

The Company normally considers in the assessment whether there are significant penalties to terminate, significant remaining value of leasehold improvements and historical lease durations, the costs and business disruption for replacing the leased asset, enforceability of the option, and business and other developments.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the lessee's control.

**Key Sources of Estimation Uncertainties**

The following are key estimates concerning the future and other key sources of estimation uncertainty as at end of reporting period that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**Impairment of Property and Equipment**

The Company assesses at the end of each reporting period whether there is any indication that its property and equipment is impaired. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

Management assessed that there are no indicators of impairment affecting the noncurrent financial assets as at March 31, 2023 and 2022.

As at March 31, 2023 and 2022, the carrying amount of property and equipment amounted to P253,040,365 and P306,462,940, respectively (see Note 9).

**Estimating Retirement Benefits Obligation**

The present value of the retirement benefits obligation depends on a number of assumptions that are determined on an actuarial basis. The assumptions used in determining the net cost (income) for retirement benefits include the discount rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefits liability. Other key assumptions include future salary, mortality and attrition. Additional information is disclosed in Note 18.

Retirement benefits obligation amounted to P51,869,900 and P46,392,900 and as at March 31, 2023 and 2022, respectively (see Note 18).

**Provisions and Contingencies**

The recognition of provisions on claims requires estimates and judgment regarding the timing and the amount of outflow of resources. Assessment by internal and external legal counsel, where appropriate, determines whether it is probable that an outflow of resources will be required to settle an obligation. If this is the case, the best estimate of the outflow of resources is recognized.

The Company has no provision for probable losses as at March 31,2023 and 2022.

## 6. Cash and Cash Equivalents

This account consists of:

| | Note | 2023 | 2022 |
|---|---|---|---|
| Cash on hand | | **P70,000** | P70,000 |
| Cash in banks | 21 | **101,347,721** | 26,505,781 |
| Time deposits | 21 | **50,000,000** | 405,220,000 |
| | 20 | **P151,417,721** | P431,795,781 |

Interest income on cash in banks and time deposits amounted to P281,157 in 2023 and P186,590 in 2022.

## 7. Trade and Other Receivables

This account consists of:

| | Note | 2023 | 2022 |
|---|---|---|---|
| Trade receivables | 13, 20, 21 | **P403,346,146** | P165,618,969 |
| Advances to employees | | **9,189,871** | 7,965,168 |
| Advances to suppliers | | **6,837,222** | 4,137,221 |
| | | **P419,373,239** | P177,721,358 |

Trade receivables have average credit terms of 60 days.

## 8. Prepaid Expenses and Other Current Assets

This account consists of:

| | 2023 | 2022 |
|---|---|---|
| Prepaid utilities | **P1,551,544** | P8,910,318 |
| Prepaid insurance | **398,244** | 324,931 |
| Others | **2,738,355** | 2,383,082 |
| | **P4,688,143** | P11,618,331 |

Prepaid insurance pertains to the unamortized payments for the Health Maintenance Organization (HMO) coverage of the Company's employees.

Others consist of unamortized payments for maintenance fees and membership dues and advance payments for advertising.

## 9. Property and Equipment - net

The movements in this account are as follows:

| 2023 | Office Equipment | Communication Equipment | Leasehold Improvements | Furniture and Fixtures | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Balance at beginning of year | P425,397,128 | P97,923,398 | P435,479,625 | P18,581,010 | P977,381,161 |
| Acquisitions | 44,968,589 | 475,200 | 100,533,548 | - | 145,977,337 |
| Disposals | (1,173,812) | (3,072,617) | (12,750,271) | (8,545,121) | (25,541,821) |
| Balance at end of year | **469,191,905** | **95,325,981** | **523,262,902** | **10,035,889** | **1,097,816,677** |
| **Accumulated Depreciation and Amortization** | | | | | |
| Balance at beginning of year | 250,936,483 | 85,702,123 | 315,704,841 | 18,574,774 | 670,918,221 |
| Depreciation and amortization | 77,907,823 | 8,106,540 | 113,379,313 | 6,236 | 199,399,912 |
| Disposals | (1,173,812) | (3,072,617) | (12,750,271) | (8,545,121) | (25,541,821) |
| Balance at end of year | **327,670,494** | **90,736,046** | **416,333,883** | **10,035,889** | **844,776,312** |
| Net carrying value | **P141,521,411** | **P4,589,935** | **P106,929,019** | **P -** | **P253,040,365** |

| 2022 | Office Equipment | Communication Equipment | Leasehold Improvements | Furniture and Fixtures | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Balance at beginning of year | P252,966,190 | P93,189,804 | P315,082,788 | P18,581,010 | P679,819,792 |
| Acquisitions | 172,430,938 | 5,904,928 | 120,396,837 | - | 298,732,703 |
| Disposals | - | (1,171,334) | - | - | (1,171,334) |
| Balance at end of year | **425,397,128** | **97,923,398** | **435,479,625** | **18,581,010** | **977,381,161** |
| **Accumulated Depreciation and Amortization** | | | | | |
| Balance at beginning of year | 182,490,648 | 74,875,751 | 222,880,496 | 18,522,071 | 498,768,966 |
| Depreciation and amortization | 68,445,835 | 11,997,706 | 92,824,345 | 52,703 | 173,320,589 |
| Disposals | - | (1,171,334) | - | - | (1,171,334) |
| Balance at end of year | **250,936,483** | **85,702,123** | **315,704,841** | **18,574,774** | **670,918,221** |
| Net carrying value | **P174,460,645** | **P12,221,275** | **P119,774,784** | **P6,236** | **P306,462,940** |

The depreciation is presented as part of the following:

| | Note | 2023 | 2022 |
|---|---|---|---|
| Cost of services | 15 | **P166,300,258** | P143,564,986 |
| Operating expenses | 16 | **33,099,654** | 29,755,603 |
| | | **P199,399,912** | P173,320,589 |

In 2023 and 2022, the Company has a gain on sale of fixed asset amounted to P5,144,070 and P5,257,108, respectively.

**10. Intangible Assets - net**

Intangible assets pertain to capitalized computer software. The movements in this account are as follows:

| | Note | 2023 | 2022 |
|---|---|---|---|
| **Cost** | | | |
| Beginning of year balance | | **P2,610,494** | P1,768,013 |
| Additions | | **-** | 1,142,545 |
| Disposals | | **(62,021)** | (300,064) |
| | | **2,548,473** | 2,610,494 |
| **Accumulated Amortization** | | | |
| Balance at beginning of year | | **1,224,520** | 999,899 |
| Amortization | 15,16 | **743,364** | 524,685 |
| Disposals | | **(62,021)** | (300,064) |
| **Balance at end of year** | | **1,905,863** | 1,224,520 |
| **Net carrying value** | | **P642,610** | P1,385,974 |

The amortization is presented as part of the following:

| | Note | 2023 | 2022 |
|---|---|---|---|
| Cost of services | 15 | **P621,080** | P367,890 |
| Operating expenses | 16 | **122,284** | 156,795 |
| | | **P743,364** | P524,685 |

**11. Refundable Deposits - net**

This account consists of:

| | Note | 2023 | 2022 |
|---|---|---|---|
| Rental deposits | | **P36,151,968** | P29,471,383 |
| Utilities deposits | | **5,768,165** | 7,219,492 |
| Guaranty deposit | | **27,267,629** | 27,267,629 |
| | | **69,187,762** | 63,958,504 |
| Less allowance for probable losses | | **27,267,629** | 27,267,629 |
| | 20, 21 | **P41,920,133** | P36,690,875 |

Guaranty deposit pertains to the surety bond made to Department of Labor and Employment - National Labor Regulations Commission.

**12. Trade and Other Payables**

This account consists of:

| | Note | 2023 | 2022 |
|---|---|---|---|
| Trade payables | 20, 21 | **P24,876,116** | P24,299,381 |
| Salaries payable | 20, 21 | **93,456,997** | 96,511,841 |
| Accrued expenses | 20, 21 | **21,632,874** | 8,997,735 |
| Payable to government agencies | | **19,515,090** | 16,029,940 |
| Withholding taxes | | **4,192,516** | 4,054,940 |
| Output VAT - net | | **2,558,469** | 841,440 |
| | | **P166,232,062** | P150,735,277 |

Trade payables are normally on a 30-to-90-day credit terms.

Payable to government agencies pertain to employee payroll premium contributions due to government agencies (i.e. Social Security Services (SSS), Philippine Health Insurance Corporation (Philhealth) and Home Development Mutual Fund (HDMF)).

Accrued expenses consist of electricity, legal fees, security services, consultancy, outside services, provision for leave encashment, etc. which are individually insignificant.

## 13. Related Party Transactions

The summary of the Company's transactions and outstanding balances with related parties as at and for the years ended March 31, 2023 and 2022 is as follows:

| | | | | Outstanding Balance | | |
|---|---|---|---|---|---|---|
| **Category/ Transaction** | **Year** | **Note** | **Transaction Amount** | **Trade Receivables** | **Terms** | **Conditions** |
| **Ultimate Parent** | | | | | | |
| Revenue | 2023 | a, 7 | P2,428,824,506 | P376,531,585 | 60 days; non-interest bearing | Unsecured; no impairment |
| | 2022 | a, 7 | 2,108,145,812 | 153,994,192 | | |
| **Affiliate** | | | | | | |
| Revenue | 2023 | c, 7 | 162,931,744 | 26,814,561 | 60 days; | Unsecured; |
| | 2022 | b | 34,560,792 | 11,624,777 | non-interest bearing | no impairment |
| | **2023** | | **P2,591,756,250** | **P403,346,146** | | |
| | **2022** | | **P2,142,706,604** | **P165,618,969** | | |

The Company entered into a Service Agreement with vCustomer Services LLC (vSLLC), a Company incorporated under the laws of the United States of America (USA), an affiliate, for an indefinite period unless mutually terminated, to provide web-based support (chat, email, fax); telephony support (voice); directory assistance; eCRM database management, eCRM database mining; web-based self-help solutions; remote website administration; remote back office support; remote system administration and technical help desk services in the United States through contact center representatives and such other functions as may be required in relation to the performance of its support function.

In consideration thereof, the Company bills vSLLC ten percent (10%) mark-up rate on all costs (cost and operating expenses) incurred by the Company in providing the services. Contract receivables are billed by the Company in US dollars on a periodical basis and are settled in the same currency. vSLLC was merged with Tech Mahindra (Americas), Inc., a subsidiary of Tech Mahindra Limited (TML), on February 2, 2015. Accordingly, billings were made to TML subsequently.

(a) The Company entered into an agreement with Tech Mahindra Philippines wherein all cost incurred by the former (cost and operating expenses) in relation to the service it renders to the latter will be billed at ten percent (10%) mark-up rate.

(b) The Company also entered into a Sub-contract Agreement on September 29, 2021 with Tech Mahindra Business Services Limited (TMBSL), a Company incorporated under the laws of India, for a period of two years, to provide call center services.

    In consideration thereof, the Company bills TMBSL monthly service fee of ten percent (10%) mark-up rate on direct costs incurred by the Company in providing the services. The Company also bills for facility cost and depreciation at a rate of 10% on the cost as agreed by TMBSL and its customer. Contract receivables are billed by the Company in US dollars on a periodical basis and are settled in the same currency.

(c) Compensation of key management personnel for the years ended March 31, 2023 and 2022 is as follows:

| | Note | 2023 | 2022 |
|---|---|---|---|
| Salaries | | **P45,876,316** | P44,470,981 |
| Retirement benefits costs | 18 | **4,404,080** | 4,279,588 |
| Allowance | | **810,000** | 801,000 |
| Other employee benefits | | **11,491,487** | 9,671,147 |
| | | **P62,581,883** | P59,222,716 |

Other employee benefits include 13th month pay, performance bonus, leave encashment and other short-term benefits.

There are no other related party transactions. All related party balances are to be settled in cash.

## 14. Equity

Components of share capital are as follows:

| | 2023 | 2022 |
|---|---|---|
| Authorized 1,000,000, issued, fully paid and outstanding: 950,000 ordinary shares - Php10 par value | **P9,500,000** | P9,500,000 |

On March 31, 2023, the BOD approved an additional appropriation of P540,000,000 from the current retained earnings as at March 31, 2023 for legitimate corporate purposes including expansion projects, business expansions, office renovation and equipment upgrade. Also, on the same date, the BOD approved the reversal of the P686,000,000 appropriation in 2022.

On March 31, 2022, the Company's BOD approved the additional appropriation of P686,000,000 from its current retained earnings as at March 31, 2022 to be used by the Company for its business expansion projects for the year 2022 until 2025. Also, on the same date, the Company's BOD approved the reversal of the appropriated retained earnings in 2021 of P489,000,000 intended for the expansion projects.

On July 25, 2022, the Company's BOD approved the declaration of cash dividends of P421.05 per share on record date of July 25, 2022 and payment date of July 27, 2022 amounted to P400,000,000. This is paid to vCustomer Philippines, Inc., the stockholder who holds full legal and beneficial title to shares of the Company.

## 15. Cost of Services

This account consists of:

| | Note | 2023 | 2022 |
|---|---|---|---|
| Personnel costs | | **P1,538,232,475** | P1,204,629,384 |
| Depreciation | 9, 10, 17 | **252,543,183** | 217,371,979 |
| IT infrastructure | | **43,207,958** | 75,393,022 |
| Electricity | | **25,794,875** | 19,789,375 |
| | | **P1,859,778,492** | P1,517,183,760 |

Details of personnel costs are as follows:

| | Note | 2023 | 2022 |
|---|---|---|---|
| Salaries, wages and other employee benefits | | **P882,589,290** | P692,277,559 |
| Allowances and staff welfare costs | | **415,822,538** | 340,518,861 |
| SSS, PHIC and HDMF premium contributions | | **131,723,589** | 96,281,604 |
| 13th month pay | | **80,831,649** | 60,559,504 |
| Retirement benefits costs | 18 | **27,265,409** | 14,991,856 |
| | | **P1,538,232,475** | P1,204,629,384 |

Depreciation and amortization are broken down as follow:

| | Note | 2023 | 2022 |
|---|---|---|---|
| Property and equipment | 9 | **P166,300,258** | P143,564,986 |
| ROU assets | 17 | **85,621,845** | 73,439,103 |
| Intangible assets | 10 | **621,080** | 367,890 |
| | | **P252,543,183** | P217,371,979 |

## 16. Operating Expenses

This account consists of:

| | Note | 2023 | 2022 |
|---|---|---|---|
| Personnel costs | | **P170,663,177** | P202,282,509 |
| Facilities management and utilities | | **82,912,241** | 65,345,094 |
| Depreciation and amortization | 9, 10, 17 | **67,215,332** | 45,305,835 |
| Insurance | | **42,223,558** | 26,418,236 |
| Security services | | **29,150,116** | 20,011,771 |
| Repairs and maintenance | | **29,050,367** | 13,888,594 |
| Outside services | | **22,955,306** | 16,314,840 |
| Trainings and recruitment | | **12,542,739** | 5,371,848 |
| IT infrastructure | | **11,151,120** | 3,663,605 |
| Professional services | | **3,136,814** | 2,010,606 |
| Office supplies | | **3,008,692** | 2,008,239 |
| Transportation and travel | | **1,750,327** | 1,157,989 |
| Taxes and licenses | | **819,205** | 939,440 |
| Miscellaneous | | **1,523,735** | 10,399,530 |
| | | **P478,102,729** | P415,118,136 |

Facility management services pertains to the common usage expenses, housekeeping, utilities and maintenance dues incurred by the Company related on its lease facilities.

Details of personnel costs are as follow:

| | Note | 2023 | 2022 |
|---|---|---|---|
| Salaries, wages and other employee benefits | | **P92,043,039** | P130,100,814 |
| Allowance and staff welfare costs | | **52,335,419** | 33,550,067 |
| Retirement benefits costs | 18 | **11,417,191** | 10,634,044 |
| SSS, PHIC and HDMF premium contributions | | **7,628,321** | 14,164,472 |
| 13th month pay | | **7,239,207** | 13,833,112 |
| | | **P170,663,177** | P202,282,509 |

Depreciation and amortization are broken down as follow:

| | Note | 2023 | 2022 |
|---|---|---|---|
| ROU assets | 17 | **P33,993,394** | P15,393,437 |
| Property and equipment | 9 | **33,099,654** | 29,755,603 |
| Intangible assets | 10 | **122,284** | 156,795 |
| | | **P67,215,332** | P45,305,835 |

## 17. Lease Agreements

**JESA Building, Cebu City**

The Company entered into lease agreements for the corporate office unit it occupies in Cebu City. The lease term for the corporate office unit cover ten years with a free fitting out period of three months and an option to extend for another ten years. The lease term is from April 1, 2011 to March 31, 2021. Future payments under these lease agreements are subject to escalation rate of fifteen percent (15%) after the first five years. The Company entered into an extension of the lease contract for additional spaces in the same building starting May 1, 2014 up to March 31, 2021. Escalation of three percent (3%) per year is effective starting May 1, 2015. Rent free construction period is for two months.

During the quarter ended September 30, 2014, the Company entered into a new lease agreement to occupy additional office unit in the same building. The lease term for the unit is from July 1, 2014 to March 31, 2021 with a rent-free construction period from July 1, 2014 to August 31, 2014.

The lease agreements in JESA Building are renewable upon mutual agreement of both the lessor and the lessee. As at March 31, 2021, the lease agreement in JESA Building was not renewed.

The Company derecognized the leased asset on April 1, 2021.

**EBLOC Tower 3, Cebu IT Park, Cebu City**

In 2015, the Company entered into a lease agreement for the office unit and parking spaces for its expansion project located in EBLOC Tower 3, Cebu IT Park, Cebu City. The lease term for office unit is from January 6, 2015 to January 5, 2023 with free rent for the first three months of the actual handover date. Escalation of five percent (5%) per year is effective starting January 1, 2016.

On the same year, the Company entered into a new lease agreement to occupy additional office unit and parking spaces in the same building. The lease term is from May 14, 2015 to January 5, 2023 with free rent for the first three months of the actual handover date. Escalation of five percent (5%) per year is effective starting May 14, 2016.

Another lease agreement was entered by the Company on the same building for the lease of additional office units and parking spaces. The lease term is from October 15, 2015 to January 5, 2023 with free rent for the first three months of the actual handover date. Escalation of five percent (5%) per year is effective starting October 15, 2016.

In 2019, the Company entered into a new lease agreement to occupy additional office unit and parking spaces located on the same building. The lease term is from June 15, 2019 to June 14, 2024. The lease payment is fixed for the entire duration of the lease.

The lease agreements in EBLOC Tower 3 are renewable upon mutual agreement of both the lessor and the lessee.

**Filinvest Cebu, Cyberzone Tower 2, Cebu City**

In 2019, the Company entered into a new lease agreement to occupy office units located in Filinvest Cebu, Cyberzone Tower 2, Cebu City. The lease term is from September 1, 2019 to August 31, 2025 with free rent for the first three months of the actual handover date. Escalation of five percent (5%) per year is effective starting September 1, 2020.

The Company also entered into two new lease agreements on the same building for the lease of additional office units. One lease agreement has a lease term from October 1, 2019 to August 31, 2025 while the other lease agreement has a lease term from December 1, 2019 to August 25, 2025. Both the lease agreements have free rent for the first three months of the actual handover date and escalation of five percent (5%) per year effective October 1, 2020 and December 1, 2020, respectively.

The Company will have the right to renew the lease for two (2) further five-year (5) lease terms by sending a written notice to the lessor not less than six (6) months prior to expiry of the initial term of these lease agreements.

The Company also entered into another lease agreement to occupy additional office unit located on the same building. The lease term is from December 16, 2021 to September 15, 2028. Escalation of five percent (5%) per year is effective starting September 16, 2022.

In 2022, the Company entered into a new lease agreement to occupy additional office unit and parking spaces located on the same building. The lease term is from September 16, 2021 to September 15, 2028. Escalation of five percent (5%) per year is effective starting September 16, 2022.

In 2023, the Company entered into two new lease agreements on the same building for the lease of additional office unit and parking spaces. The lease agreements have lease terms from September 16, 2021 and July 1, 2022, to September 15, 2028. Both the lease agreements have free rent for four months of the actual handover date and escalation of five percent (5%) per year effective September 16, 2022 and September 16, 2023, respectively.

The details of the Company's ROU assets and lease liabilities for these leases as shown below.

**I. ROU Assets**

The movements as at March 31, 2023 and 2022 are as follows:

| | Note | 2023 | 2022 |
|---|---|---|---|
| **Cost** | | | |
| Balance at beginning of year | | **P574,327,276** | P402,117,877 |
| Additions during the year | | **432,274,810** | 185,543,087 |
| Termination | | **(105,027,016)** | (13,333,688) |
| | | **901,575,070** | 574,327,276 |
| **Accumulated Amortization** | | | |
| Balance at beginning of year | | **P224,689,968** | 149,191,116 |
| Amortization | 15, 16 | **119,615,238** | 88,832,540 |
| Termination | | **(105,027,016)** | (13,333,688) |
| Balance at end of year | | **239,278,190** | 224,689,968 |
| Net carrying value | | **P662,296,880** | P349,637,308 |

**II. Lease Liabilities**

The movements in lease liabilities as at March 31, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|---|---|
| Balance at the beginning | **P375,752,493** | P281,591,352 |
| Additions | **432,274,810** | 185,543,087 |
| Accretion of interest expense | **18,260,825** | 15,700,824 |
| Repayments | **(141,701,223)** | (107,082,770) |
| Carrying value | **684,586,905** | 375,752,493 |
| Less current portion | **165,455,330** | 108,383,640 |
| Noncurrent portion | **P519,131,575** | P267,368,853 |

**III. Amounts in Profit or Loss**

Amounts recognized in statements of comprehensive income are as follows:

| | Note | 2023 | 2022 |
|---|---|---|---|
| Depreciation on right-of-use assets | 15, 16 | **P119,615,238** | P88,832,540 |
| Accretion of interest expense | | **18,260,825** | 15,700,824 |
| | | **P137,876,063** | P104,533,364 |

**IV. Future Minimum Lease Payments**

The maturity analysis on the undiscounted lease liabilities is as follows:

| | **2023** | 2022 |
|---|---|---|
| Maturity Analysis - Contractual Undiscounted Cash Flows | | |
| Not more than 1 year | **P363,441,461** | P121,589,713 |
| More than 1 year but less than 5 years | **442,086,800** | 260,725,758 |
| More than 5 years | **309,654,767** | - |
| Total undiscounted lease liabilities | **P1,115,183,028** | P382,315,471 |

There is no short-term lease for the years ended March 31, 2023 and 2022.

## 18. Retirement Benefits Cost

The Company does not have an established formal retirement plan as at March 31, 2023 and 2022. It recognizes retirement benefits costs in accordance with the minimum regulatory benefit under Republic Act No. 7641, which is a defined benefit type. In the absence of a formal established retirement plan, the retirement benefit obligation is not yet funded. Retirement benefits are based on employees' years of service and compensation levels during employment period. Actuarial valuations are made with sufficient regularity. The most recent actuarial valuation was made for the year ended March 31, 2023. The principal actuarial assumptions used to determine retirement benefits were as follows:

**Regulatory Framework in which the Retirement Plan Operates**

In accordance with the provisions of the RA 7641, the Company is required to pay eligible employees at least minimum regulatory benefit upon normal retirement, subject to age and service requirements.

**Responsibilities of Trustee**

Since the Company does not have a formal, trusteed Retirement Plan, there are no Trustees yet.

**Description of Plan Characteristics and Associated Risks**

The calculations were based on the provisions of the minimum mandated benefit under RA 7641. However, it should be noted that in the event a benefit claim arises, the benefit shall immediately be due and payable from the Company.

**Amounts Recognized in the Financial Statements**

The principal actuarial assumptions used to determine retirement benefits were as follows:

| | **2023** | 2022 |
|---|---|---|
| Discount rate | **6.50%** | 5.75% |
| Salary increase rate | **6.00%** | 6.00% |

Maturity Profile of Expected Future Benefit Payments

The Company's expected future benefit payment is shown below:

| | **2023** | 2022 |
|---|---|---|
| Beyond one year not later than 5 years | **P43,957,500** | P41,821,400 |
| Beyond five years (6 to 10 years) | **45,936,800** | 44,537,600 |

The movements of the present value of defined benefit obligation (DBO) which is also the amount of retirement benefits obligation recognized in the statements of financial position is as follows:

| | Note | 2023 | 2022 |
|---|---|---|---|
| Balance at beginning of year | | **P46,392,900** | P28,827,200 |
| Current service cost | 15, 16 | **35,680,400** | 24,438,600 |
| Remeasurement gain | | **(30,961,700)** | (7,153,600) |
| Interest cost | 15, 16 | **2,528,900** | 1,187,300 |
| Benefits paid | | **(2,243,900)** | (906,600) |
| Past service cost | | **473,300** | - |
| Balance at end of year | | **P51,869,900** | P46,392,900 |

The retirement benefits cost recognized as part of "Cost of services" and "Operating expenses" accounts in the statements of comprehensive income for the years ended March 31, 2023 and 2022 were determined as follows

| | Note | 2023 | 2022 |
|---|---|---|---|
| Current service cost | | **P35,680,400** | P24,438,600 |
| Interest cost | | **2,528,900** | 1,187,300 |
| Past service cost | | **473,300** | - |
| | 15, 16 | **P38,682,600** | P25,625,900 |

The retirement benefits costs are broken down as follows:

| | Note | 2023 | 2022 |
|---|---|---|---|
| Costs of services | 15 | **P27,265,409** | P14,991,856 |
| Operating expenses | 16 | **11,417,191** | 10,634,044 |
| | | **P38,682,600** | P25,625,900 |

The movement of cumulative remeasurement gain presented in the statements of changes in equity follows:

| | 2023 | 2022 |
|---|---|---|
| Balance at beginning of year | **P43,410,929** | P36,257,329 |
| Actuarial gain (loss): | | |
| Due from (to) liability experience | **25,983,200** | (4,041,500) |
| Due to liability assumption changes | **4,978,500** | 11,195,100 |
| | **30,961,700** | 7,153,600 |
| Balance at the end of year | **P74,372,629** | P43,410,929 |

Amount, Timing and Uncertainty of Future Cash Flows

Sensitivity analysis on the defined benefits obligation is as follows:

| 2023 | | Sensitivity Analysis | Effect on DBO |
|---|---|---|---|
| Discount rate | 7.50% | 1% increase | (11.35%) |
| Discount rate | 5.50% | 1% decrease | 14.15% |
| Salary increase rate | 7.00% | 1% increase | 14.08% |
| Salary increase rate | 5.00% | 1% decrease | (11.50%) |

| 2022 | | Sensitivity Analysis | Effect on DBO |
|---|---|---|---|
| Discount rate | 6.75% | 1% increase | (12.13%) |
| Discount rate | 4.75% | 1% decrease | 15.15% |
| Salary increase rate | 7.00% | 1% increase | 14.96% |
| Salary increase rate | 5.00% | 1% increase | (12.21%) |

Methods and Assumptions Used in Sensitivity Analysis

All other assumptions were kept constant in determining the sensitivity results above.

Changes since Previous Period

There were no changes in the methods and assumptions used in preparing the sensitivity analysis.

Description of Assets-liability Matching Strategies

Since the DBO is still unfunded, there are no plan assets to match against the DBO.

Description of Funding Arrangement and Policies

Since the DBO is still unfunded, benefit claims under the DBO are paid directly by the Company when they become due.

## 19. Income Taxes

The Company's registered activities with PEZA are under the income tax holiday and special rate of 5% on gross income.

| | **2023** | 2022 |
|---|---|---|
| Current income tax expense | **P17,847,991** | P13,360,310 |
| Deferred tax expense (benefit) | **(199,982)** | 199,982 |
| | **P17,648,009** | P13,560,292 |

The reconciliation of the income tax expense computed at the statutory income tax rate to the actual income tax expense as shown in the statements of comprehensive income for the taxable fiscal years ended March 31, 2023 and 2022 is as follows:

| | **2023** | 2022 |
|---|---|---|
| Income before income tax | **P271,940,454** | P210,129,995 |
| Less other income subject to RCIT | **5,244,283** | 5,310,305 |
| Income subject to GIT | **P266,696,171** | P204,819,690 |
| Tax expense at 5% | **P13,334,809** | P10,240,984 |
| Non-deductible expense | **24,847,127** | 24,817,426 |
| Nontaxable income subject to tax holiday | **(21,830,940)** | (22,756,167) |
| Tax expense subject to RCIT | **1,311,071** | 1,327,576 |
| Nontaxable income subject to final tax | **(14,058)** | (9,330) |
| Movement on unrecognized DTA | **-** | (60,197) |
| | **P17,648,009** | P13,560,292 |

The tax rate used for the years 2023 and 2022 reconciliation above is the 5% special rate whose tax base is the gross income under the PEZA registered activities. Any income earned outside the PEZA registered activities are subject to Regular Corporate Income Tax (RCIT).

The deferred tax assets arising from various provisions and unrealized foreign exchange loss amounting to nil in 2023 and in 2022 were not recognized as the management does not expect that there will be sufficient taxable profits against which the assets can be utilized before the expiration.

The deferred tax liability arising from the unrealized foreign exchange gains amounting to nil and P199,982 in 2023 and 2022.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act.

CREATE is an act reforming the corporate income tax and incentives system, amending for the purpose certain sections of Internal Revenue Code of 1997, as amended, and creating therein new title XIII, and for other purposes.

On March 26, 2021, the President of the Philippines has approved the CREATE Act, with nine (9) provisions vetoed by the President. Below are the salient features of the Act that are relevant to the Company:

a) Corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million. All other domestic corporations and resident foreign corporations will be subject to 25% income tax. Said reductions are effective July 1, 2020.

b) Minimum corporate income tax (MCIT) rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.

c) The imposition of improperly accumulated earnings tax has been repealed.

d) Definition of reorganization for purposes of applying the tax-free exchange provision under Section 40(C)(2) is expanded. Prior BIR ruling or confirmation shall not be required for purposes of availing the tax exemption of the exchange.

e) Qualified export enterprises shall be entitled to 4 to 7 years income tax holiday (ITH) to be followed by 10 years 5% SCIT OR Enhanced Deductions (ED).

f) Qualified domestic market enterprises shall be entitled to 4 to 7 years ITH to be followed by 5 years ED.

g) Registered enterprises are exempt from customs duty on importation of capital equipment, raw materials, spare parts, or accessories directly and exclusively used in the registered project or activity.

h) VAT exemption on importation and VAT zero-rating on local purchases shall only apply to goods and services directly and exclusively used in the registered project or activity by a registered business enterprise (RBE).

i) For investments prior to effectivity of CREATE: RBEs granted only an ITH - continue with the availment of the ITH for the remaining period of the ITH. RBEs granted an ITH + 5% GIT or currently enjoying 5% GIT - allowed to avail of the 5% GIT for 10 years.

The measure is set to take effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation. After which, the implementing rules and regulation will be issued by the tax authority.

On April 8, 2021, the Bureau of Internal Revenue (BIR) issued the following implementing revenue regulations that are effective immediately upon publication:

- BIR Revenue Regulations (RR) No. 2-2021, Amending Certain Provisions of Revenue Regulations No. 2-98, As Amended, to Implement the Amendments Introduced by Republic Act No. 11534, or the “Corporate Recovery and Tax Incentives for Enterprises Act” (CREATE), to the National Revenue Code of 1997, as Amended, Relative to the Final Tax on Certain Passive Income

- BIR RR No. 3-2021, Rules and Regulations Implementing Section 3 of Republic Act (RA). No. 11534, Otherwise Known as the “Corporate Recovery and Tax Incentives for Enterprises Act” or “CREATE”, Amending Section 20 of the National Internal Revenue Code of 1997, As Amended

- BIR RR No. 4-2021, Implementing the Provisions on Value-Added Tax (VAT) and Percentage Tax Under Republic Act (RA) No. 11534, Otherwise Known as the “Corporate Recovery and Tax Incentives for Enterprises Act” (CREATE) Which Further Amended the National Revenue Code of 1997, as Amended, as Implemented by Revenue Regulations (RR) No. 16-2005 (Consolidated Value-Added Tax Regulations of 2005), As Amended

- BIR RR No. 5-2021, Implementing the New Income Tax Rates on the Regular Income of Corporations, on Certain Passive Incomes, Including Additional Allowable Deductions from Gross Income of Persons Engaged in Business or Practice of Profession Pursuant to Republic Act (RA) No. 11534 or the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), Which Further Amended the National Revenue Code (NIRC) of 1997

Applying the provisions of the CREATE Act, the Company was subjected to a lower regular corporate income tax rate (RCIT) of 25% effective July 1, 2020 in its statutory income tax return.

## 20. Fair Value Information

The fair value of Company's financial assets and liabilities:

| | | **2023** | | 2022 | |
|---|---|---|---|---|---|
| | Note | **Carrying Amount** | **Fair Value** | **Carrying Amount** | **Fair Value** |
| Financial Assets | | | | | |
| Cash and cash equivalents* | 6 | **P151,347,721** | **P151,347,721** | P431,725,781 | P431,795,781 |
| Trade receivables | 7 | **403,346,146** | **403,346,146** | 165,618,969 | 165,618,969 |
| Refundable deposits | 11 | **41,920,133** | **41,920,133** | 36,690,875 | 36,690,875 |
| | | **P596,614,000** | **P596,614,000** | P634,035,625 | P634,105,625 |
| Financial Liabilities | | | | | |
| Trade and other payables** | 12 | **139,965,987** | **139,965,987** | 129,808,957 | 129,808,957 |
| Lease liabilities | 17 | **684,586,905** | **684,586,905** | 375,752,493 | 375,752,493 |
| | | **P824,552,892** | **P824,552,892** | P505,561,450 | P505,561,450 |

*Excluding cash on hand amounting to P70,000 as at March 31, 2023 and 2022

**Excluding non-financial liabilities amounting to P26,266,075 and P20,926,320 as at March 31, 2023 and 2022, respectively.

The difference between the carrying amount of trade and other receivables and trade and other payables disclosed in the statements of financial position and the amount disclosed in this note pertains to advances to officers and employees and government payables since these are not considered as financial assets or liabilities.

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments:

Cash and Cash Equivalents, Trade Receivables and Trade and Other Payables

The carrying amounts approximate their fair values due mainly to the relatively short-term maturities of these financial instruments.

**Refundable Deposits**

The carrying amount approximates it fair value as the effect of discounting is not considered material.

**Lease Liabilities**

The carrying amount approximates its fair value because the difference between the interest rate of this instrument and the prevailing market rate for a similar instrument is not considered significant.

## 21. Financial Risk Management

### Financial Risk Management Objectives and Policies

The main purpose of the Company's financial instruments is to fund the Company's operation and to acquire and improve property and equipment. The main risks arising from the use of financial instruments are credit risk, liquidity risk and market risk which includes interest rate risk and foreign currency risk. These are summarized in the succeeding pages:

### Credit Risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contact, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily from cash and cash equivalents and receivables).

With respect to credit risk arising from the Company's financial assets, which comprise of cash and cash equivalents, trade receivables and refundable deposits, the Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

The Company controls this risk through monitoring procedure and regular coordination with the debtors. Receivable balances are monitored on an ongoing basis with the result that its exposure to bad debts is not significant.

The table below presents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained:

| | Note | **2023** | 2022 |
|---|---|---|---|
| Cash and cash equivalents* | 6 | **P151,347,721** | P431,725,781 |
| Trade receivables | 7 | **403,346,146** | 165,618,969 |
| Refundable deposits | 11 | **41,920,133** | 36,690,875 |
| | | **P596,614,000** | P634,035,625 |

*Excluding Cash on hand amounting P70,000 in 2023 and 2022.

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

ECLs are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

The Company's current credit risk grading framework comprises the following categories:

| Category | Description | Basis for Recognizing ECL |
|---|---|---|
| Performing | The counterparty has a low risk of default and does not have any past-due amounts | Lifetime ECL |
| Doubtful | Amount is >30 days past due or there has been a significant increase in credit risk initial recognition | Lifetime ECL - not credit-impaired |
| In default | Amount is >90 days past due or there is evidence indicating the asset is credit-impaired | Lifetime ECL - credit-impaired |
| Write-off | There is evidence indication that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery | Amount is written-off |

The following table details the credit quality of the Company's financial assets and other items, as well as the Company's maximum credit exposure to credit risk by credit risk rating grades as at March 31, 2023 and 2022:

| **2023** | **Note** | **Internal Credit-rating** | **12m or Lifetime ECL** | **Gross Carrying Amount** | **Loss Allowance** | **Net Carrying Amount** |
|---|---|---|---|---|---|---|
| Cash and cash equivalents* | 6 | Performing | 12m ECL | P151,347,721 | P - | P151,347,721 |
| Trade receivables | 7 | Performing | Lifetime ECL | 403,346,146 | - | 403,346,146 |
| Refundable deposits | 11 | Performing | Lifetime ECL | 69,187,762 | 27,267,629 | 41,920,133 |
| | | | | **P623,881,629** | **P27,267,629** | **P596,614,000** |

*Excluding Cash on hand amounting to P70,000.

| **2022** | **Note** | **Internal Credit-rating** | **12m or Lifetime ECL** | **Gross Carrying Amount** | **Loss Allowance** | **Net Carrying Amount** |
|---|---|---|---|---|---|---|
| Cash and cash equivalents* | 6 | Performing | 12m ECL | P431,725,781 | P - | P431,725,781 |
| Trade receivables | 7 | Performing | Lifetime ECL | 165,618,969 | - | 165,618,969 |
| Refundable deposits | 11 | Performing | Lifetime ECL | 63,958,504 | 27,267,629 | 36,690,875 |
| | | | | **P661,303,254** | **P27,267,629** | **P634,035,625** |

*Excluding Cash on hand amounting to P70,000.

For trade receivables, the Company has applied the simplified approach in PFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

**Liquidity Risk**

Liquidity pertains to the risk arising from the shortage of funds due to unexpected events or transactions.

The Company seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. The Company maintains a level of cash deemed sufficient to finance operations. To cover its financing requirements, the Company obtains advances from its Parent Company, when necessary. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows.

The table below summarizes the maturity profile of the Company's financial assets and liabilities as at March 31, 2023 and 2022 on undiscounted contractual cash flows.

| **2023** | **Note** | **On Demand** | **Due Within 30 Days** | **Due Within 1 Year** | **Due Beyond 1 Year but not More than 5 Years** | **Total** |
|---|---|---|---|---|---|---|
| Trade and other payables* | 12 | P24,876,116 | P115,089,871 | P - | P - | P139,965,987 |
| Lease liabilities | 17 | - | - | 363,441,461 | 751,741,567 | 1,115,183,028 |
| | | P24,876,116 | P115,089,871 | P363,441,461 | P751,741,567 | P1,255,149,015 |

*Excluding non-financial liabilities amounting to P26,266,075.

| 2022 | Note | On Demand | Due Within 30 Days | Due Within 1 Year | Due Beyond 1 Year but not More than 5 Years | Total |
|---|---|---|---|---|---|---|
| Trade and other payables* | 12 | P24,299,381 | P105,509,576 | P - | P - | P129,808,957 |
| Lease liabilities | 17 | - | - | 121,589,713 | 260,725,758 | 382,315,471 |
| | | **P24,299,381** | **P105,509,576** | **P121,589,713** | **P260,725,758** | **P512,124,428** |

*Excluding non-financial liabilities amounting to P20,926,320.

**Interest Rate Risk**

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The primary source of the Company's interest rate risk relates to cash in banks and lease liabilities. The interest rates on these assets is disclosed in Notes 6 and 17.

The Company has a policy in place in managing interest rate risk and is monitored on an ongoing basis.

Foreign Currency Risk

Foreign exchange risk arises when an investment 's value changes due to variations in the currency exchange rate. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities that are denominated in a currency that is not the Company's functional currency. The Company undertakes certain transactions denominated in Philippine Peso. Hence, exposures to exchange rate fluctuations arise with respect to such transactions.

Significant fluctuation in the exchange rates could significantly affect the Company's financial position. The Company has a policy in place in managing foreign currency risk and is monitored on an ongoing basis.

The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities at the end of each reporting period are as follows:

| | 2023 | 2022 |
|---|---|---|
| Cash and cash equivalents | **P38,034,990** | P173,547,418 |
| Trade and other receivables | **403,346,146** | 165,618,969 |
| Net exposure | **P441,381,136** | P339,166,387 |

The following table details the Company's sensitivity to the exchange rate fluctuation of U.S. Dollar against Philippine Peso. The sensitivity rates used in reporting foreign currency risk internally to key management personnel is 5% in 2023 and 2022 which represent Management's assessment of the reasonably possible change in foreign exchange rates based on historical trends. The sensitivity analysis includes only outstanding foreign currency-denominated monetary items as at the end of the reporting period. A negative number below indicates a decrease in profit when the US Dollar strengthen by 5% in 2023 and 2022 against the relevant currency. For a 5% in 2023 and 2022 increase of the US Dollars against Philippine Peso, there would be an equal and opposite impact on profit and the balances below would be negative.

| | Effect on Profit Before Tax for the Year | |
|---|---|---|
| | **2023** | 2022 |
| Cash and cash equivalents | **P1,901,750** | P8,677,371 |
| Trade and other receivables | **20,167,303** | 8,280,948 |
| | **P22,069,053** | P16,958,319 |

The above sensitivity analysis is applicable in determining the effect on equity of the changes in foreign exchange rates.

In Management ‘s opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

## 22. Capital Risk Management

The primary objective of the Company’s capital management is to ensure that it maintains healthy capital ratios in order to support its business, maximize shareholder value, maintain various stakeholders’ confidence and sustain future development of the business. The Company manages its capital structure and makes adjustments to these ratios in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may issue stock dividend to shareholders, return or issue capital. No significant changes have been made in the capital management approach as they have been applied in previous years. The Company has not been subjected to externally imposed capital requirements. No major changes were made in the objectives, policies and procedures in 2023 and 2022.

The Company considers the following as its capital:

| | **2023** | 2022 |
|---|---|---|
| Share capital | **P9,500,000** | P9,500,000 |
| Retained earnings | **541,633,190** | 687,340,745 |
| Cumulative remeasurement gain on retirement benefits | **74,372,629** | 43,410,929 |
| | **P625,505,819** | P740,251,674 |

The debt to equity ratio at year-end was as follows:

| | **2023** | 2022 |
|---|---|---|
| Debt | **P907,873,272** | P575,060,893 |
| Equity | **625,505,819** | 740,251,674 |
| | **1.45:1** | 0.78:1 |

# MAD*POW MEDIA SOLUTIONS, LLC

**Board of Managers**
Mr. Sandeep Kulkarni
Mr. Sebastian Murphy

**Registered Office**
27 Congress Street Portsmouth
NH 03801 United States

**Bankers**
JP Morgan Chase Bank
M&T Bank

# BALANCE SHEETS

**AT MARCH 31, 2023 and 2022**

| | | 2023 | 2022 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | | **$2,345,109** | $996,226 |
| Accounts receivable, net | 3 | **2,049,258** | 2,937,386 |
| Due from related parties | 4 | **131,250** | 2,575,271 |
| Prepaid state and other taxes | | **11,965** | 49,355 |
| Prepaid expenses and other current assets | | **129,128** | 309,457 |
| | | **4,666,710** | 6,867,695 |
| **Non-current assets** | | | |
| Right of use asset | | **2,392,631** | 2,963,120 |
| Property and equipment, net | 6 | **298,495** | 391,869 |
| | | **2,691,126** | 3,354,989 |
| **Total assets** | | **$7,357,836** | $10,222,684 |
| **Current liabilities** | | | |
| Accounts payable | | **$(9,784)** | $279,603 |
| Accrued expenses and other current liabilities | | **148,133** | 308,361 |
| Unearned revenue | | **538,238** | 335,204 |
| Due to related parties | | **11,308** | - |
| Income taxes payable | | **36,610** | - |
| Lease liability current portion | | **569,220** | 572,355 |
| | | **1,293,725** | 1,495,523 |
| **Non-current liabilities** | | | |
| Deferred income tax liabilities | 7 | **$26,896** | 108,646 |
| Lease liability non-current portion | | **1,961,884** | 2,531,104 |
| | | **1,988,780** | 2,639,750 |
| **Total liabilities** | | **3,282,505** | 4,135,273 |
| Commitments and contingencies (Note 8) | | | |
| Member's equity | | **4,075,331** | 6,087,411 |
| **Total liabilities and member's equity** | | **7,357,836** | 10,222,684 |

**Sebastian Murphy**
Board Manager

Date: June 23, 2023

# STATEMENTS OF OPERATIONS

**FOR THE YEARS ENDED MARCH 31, 2023 and MARCH 31, 2022**

| | Schedules | 2023 | 2022 |
|---|---|---|---|
| **REVENUES:** | | | |
| Consulting services | | **$12,030,992** | $16,768,338 |
| Conference income | | **$66,004** | 173,031 |
| **Total revenues** | | **12,096,996** | 16,941,369 |
| **COST OF REVENUES:** | | | |
| Cost of revenue for consulting service | | **$9,893,098** | 11,449,803 |
| Cost of revenue for conferences | | **$327,792** | 142,761 |
| **Total cost of revenues** | | **10,220,890** | 11,592,564 |
| **GROSS PROFIT** | | **1,876,106** | 5,348,805 |
| **OPERATING EXPENSES:** | | | |
| Personnel | | **$2,269,681** | 2,628,296 |
| General and administrative | I | **1,351,537** | 1,740,343 |
| Sales and marketing | II | **134,958** | 131,152 |
| Depreciation | Note 6 | **$118,744** | 150,230 |
| **Total operating expenses** | | **3,874,920** | 4,650,021 |
| **OPERATING (LOSS) PROFIT** | | **(1,998,814)** | 698,784 |
| **OTHER INCOME** | | | |
| Rent income | | **$9,240** | - |
| Interest income, net | | **$874** | - |
| Interest expense, net | | **$(5,560)** | - |
| Total other income | | **4,554** | - |
| (Loss) income before income tax expense | | **(1,994,260)** | 698,784 |
| **INCOME TAX EXPENSE** | Note 8 | **19,130** | 55,628 |
| **NET (LOSS) INCOME** | | **$(2,013,390)** | $643,156 |

All revenue and profit / (loss)  for the year is generated from continuing operations.

**Sebastian Murphy**
Board Manager

Date: June 23, 2023

# STATEMENTS OF CASH FLOWS

**FOR THE YEARS ENDED MARCH 31, 2023 and MARCH 31, 2022**

| | **2023** | 2022 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net Income | **$(2,013,390)** | $643,156 |
| **Adjustments to reconcile net income to net cash provided by/(used in) operating activities:** | | |
| Depreciation | **118,744** | 150,230 |
| Deferred income taxes | **(81,750)** | 36,394 |
| Bad and Doubtful receivables | **(103,026)** | 202,713 |
| Lease expense | **673,913** | 686,671 |
| **Changes in operating assets and liabilities:** | | |
| Accounts receivable, net | **991,154** | (1,166,222) |
| Due from related parties | **2,444,021** | (1,291,925) |
| Due to related parties | **11,308** | - |
| State and other taxes | **74,000** | 3,815 |
| Prepaid expenses and other current assets | **180,329** | (1,097) |
| Unearned revenue | **203,034** | 257,130 |
| Operating lease payments | **(675,779)** | (674,501) |
| Accrued expenses and other current liabilities | **(160,228)** | (14,946) |
| Accounts payable | **(289,387)** | 121,112 |
| **Net cash provided by/(used in) operating activities** | **1,372,943** | (1,047,470) |
| Cash flows from investing activities | | |
| Capital expenditures | **(25,370)** | (87,521) |
| **Net cash used in investing activities** | **(25,370)** | (87,521) |
| Cash flows from financing activities | | |
| Members' drawings | **1,310** | (22,534) |
| Repayment of debt and line of credit | **-** | - |
| **Net cash provided by (used in) financing activities** | **1,310** | (22,534) |
| Net increase (decrease) in cash | **1,348,883** | (1,157,525) |
| Cash and cash equivalents at the beginning of the year | **996,226** | 2,153,751 |
| **Cash and cash equivalents at March 31** | **$2,345,109** | $996,226 |
| **Supplemental disclosure of cash flow information:** | | |
| Cash paid for interest | **$-** | - |
| Cash paid for income taxes | **$(18,260)** | 24,013 |

# STATEMENTS OF CHANGES IN MEMBERS' EQUITY

### FOR THE YEARS ENDED MARCH 31, 2023 and MARCH 31, 2022

| | Member's Capital | Accumulated Profits | Total Member's Equity |
|---|---|---|---|
| **Balance at April 1, 2021** | $100 | $5,466,689 | $5,466,789 |
| Net income for the year | - | 643,156 | 643,156 |
| Members drawings for the year | **-** | **(22,534)** | **(22,534)** |
| **Balance at March 31, 2022** | $100 | $6,087,311 | $6,087,411 |
| Net income for the year | - | (2,013,390) | (2,013,390) |
| Members drawings for the year | - | 1,310 | 1,310 |
| **Balance at March 31, 2023** | **$100** | **$4,075,231** | **$4,075,331** |

# NOTES TO THE FINANCIAL STATEMENTS

AT MARCH 31, 2023 and 2022

## 1. NATURE OF OPERATIONS

Mad*Pow Media Solutions, LLC, “the company” is a consulting business that specializes in providing strategic user-centered design services and digital solutions to a diverse client base across various industries throughout the United States. Digital solutions comprise, but are not limited to, assisting clients with customer research, customer experience strategy and design, behavior change, marketing content strategy, mobile application and website development.

The Company was converted from a New Hampshire Limited Liability company to a Delaware Limited liability company on July 29th, 2019 and is wholly-owned by Tech Mahindra (Americas) Inc from November 10th, 2022.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. BASIS OF ACCOUNTING

These financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

### B. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

### C. REVENUE RECOGNITION

Revenue from consulting services contracts are recognized as the services are performed and the amounts are earned. The Company considers amounts to be earned once evidence of an arrangement has been obtained, services have been provided, fees are fixed or determinable, and collectability is reasonably assured.

The company further generates revenue by hosting conferences and only recognizes this revenue once the event is held.

Revenues from consulting services and conferences, together with all reimbursed costs for out of pocket expenses are presented on the statement of operations, net of allowances or adjustments for agreed changes to reimbursed costs.

### D. COST OF REVENUE

This includes all direct costs for employee and contractors consisting of salaries and contract payments, payroll taxes, insurance costs as well as reimbursable costs such as travel, lodging or entertainment.

All costs associated with hosting conferences are capitalized to prepaid expenses and only recognized as cost of sales once the event has taken place.

### E. ADVERTISING AND PROMOTIONS

The Company expenses all costs for advertising and promotions as and when they are incurred. Sales and marketing costs, including direct advertising costs, for the years ending March 31, 2023 and March 31, 2022, were $101,942 and $93,751 respectively. The composition of these costs are detailed in the supplemental schedule II to the financial statements.

### F. INCOME TAXES

As a single member LLC, the Company’s income and deductions are reported on the LLC member’s individual income tax returns as a “disregarded entity” for income tax purposes. Accordingly, the member of the Company will be responsible for income taxes; therefore, no provision for income taxes is included in these financial statements. Due to various timing differences, income is recognized in different periods for tax reporting purposes than for financial statements purposes.

The Company pays state taxes to MA and NH, in addition to the state taxes that it pays on behalf of its member’s through composite tax returns. Accordingly, there is a state tax provision raised for composite taxes which is included in the financial statements when required.

The Company accounts for state income taxes using Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes. Under FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under FASB ASC 740 the effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company records valuation allowances against deferred tax assets as deemed necessary.

Per FASB ASC 740-10-20, the Company follows the recognition requirements for uncertain tax positions as required by generally accepted accounting principles in the United States of America. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Company has analyzed tax positions taken for filing with all state jurisdictions where it operates.

**G. CASH AND CASH EQUIVALENTS**

The Company considers all highly-liquid investments with maturities of three months or less to be cash or cash equivalents.

The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts held by a financial institution in the United States of America. As of March 31, 2023 and 2022 the company has $361,482 and $669,337 respectively with financial institutions in excess of the federally insured limit. Included in $2,345,109 is the investment of $1,500,758 in HSBC U.S Government Money Market Fund made during the year.

**H. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS**

Accounts receivable are the amounts owed on invoiced contractual agreements either in process or completed by the Company. Accounts receivable are considered delinquent when payment is not received under terms described within the individual contract's terms.

An allowance for doubtful accounts is provided for those balances considered to be uncollectible based upon historical experience and the Company's specific review of outstanding account balances.  Company policy is that accounts overdue in excess of 120 days and not subject to offsetting is a strong indicator that the receivable has potentially impaired. Management will critically assess each receivable overdue in excess of 120 days for impairment and then raise an allowance if deemed necessary. Bad debts are written off against the allowance when identified. Bad debts written off, for the twelve months ending March 31, 2023 and the twelve months ended March 31, 2022, were $2,275 and $153,456 respectively.

**I. UNBILLED RECEIVABLES**

Unbilled receivables represent accrued revenue earned and recognized on projects for which invoices have not yet been presented to the customer.

**J. PROPERTY AND EQUIPMENT**

Computers and equipment are recorded at cost less accumulated depreciation, however the depreciation for this category of assets is provided by applying the double declining balance method for the first three years of use of the asset and the straight-line method of the remaining balance for the following two years.

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is provided using the straight-line method and is generally based on the following useful lives:

- Furniture and fixtures – seven years;
- Software – three years;
- Leasehold improvements – lesser of remaining life of lease (including probable lease extensions) or estimated useful life of equipment.

Expenditures for maintenance and repairs are charged to income as incurred. Additions and betterments are capitalized.  When assets are retired or otherwise disposed, the related cost and accumulated depreciation are removed from the appropriate accounts and any resulting gain or loss is reflected in operations.

The Company annually reviews the status of property and equipment held by the Company for any impairment of those assets. Any such impairment would result in a permanent reduction in the recorded value of the asset. No such impairments existed at March 31, 2023 and 2022.

**K. RELATED PARTIES**

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the party in making financial and operational decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise). Transactions involving related parties are carried out on an arm's length basis. Refer to Note 4 for details regarding relates party transactions.

**L. LEASES**

The company determines if an arrangement is a lease at inception of the arrangement. These leases are classified as either an operating lease or a finance lease. Based on the evaluation of leases for the period ended March 31, 2023, no leases meet the criteria for classification as a finance lease. Operating leases are capitalized on the balance sheet through a right-of-use ("ROU") asset and a corresponding lease liability. ROU assets represent the company's right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease.

Operating leases are included in operating lease ROU assets, current operating lease liabilities, and long-term operating lease liabilities on the balance sheet. Operating lease ROU assets and liabilities are recognized at the commencement date of an arrangement based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payments made to the lessor prior to lease commencement, less any lease incentives, and initial direct costs incurred. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The company enters into long-term contracts to lease office space in support of company operations and these have all been determined to represent operating leases.

**3. ACCOUNTS RECEIVABLE, NET**

At March 31, accounts receivable balances were as follows:

| | **2023** | 2022 |
|---|---|---|
| Amounts due for services rendered and billed | **$1,671,233** | $2,772,267 |
| Less: allowance for doubtful accounts | **$(2,275)** | (139,797) |
| Amounts due for services rendered and billed, net | **1,668,958** | 2,632,470 |
| Amounts due for services rendered, not billed | **$380,300** | 304,916 |
| Total accounts receivable, net | **$2,049,258** | $2,937,386 |

## 4. TRANSACTIONS WITH RELATED PARTIES

During the year, the Company had transactions with Tech Mahindra Ltd ("TML"). At March 31, the Company had receivables due from TML as follows:

| | **2023** | 2022 |
|---|---|---|
| Beginning balance | **2,575,271** | 1,283,346 |
| Contract revenue - parent company | | |
| Billed income | **$1,212,419** | $4,277,899 |
| Unearned revenue | **(11,308)** | (25,396) |
| Receipts | **$(3,656,440)** | (2,960,578) |
| Ending balance, due from | **$119,942** | $2,575,271 |
| Due from (to) from consists of: | | |
| Amounts due to TML | | $- |
| Amounts due from TML | **$131,250** | $2,575,271 |
| | **$131,250** | $2,575,271 |

| Born Group, Inc. ("Born") | **2023** | 2022 |
|---|---|---|
| Beginning balance | **-** | - |
| Costs | **(290,159)** | - |
| Payments | **280,358** | - |
| Ending balance, net | **$(9,801)** | $- |

| Born London. ("Born") | **2023** | 2022 |
|---|---|---|
| Beginning balance | **-** | - |
| Costs | **(1,507)** | - |
| Payments | **-** | - |
| Ending balance, net | **$(1,507)** | $- |
| Total amounts due to related parties | **(11,308)** | - |
| Total amounts due from related parties | **131,250** | 2,575,271 |
| | **$119,942** | $2,575,271 |

## 5. OPERATING LEASES

On August 31, 2017 the Company entered into a building lease with Invesco IF IV U.S.3,LLC, for business use and occupancy of office space in Boston, Massachusetts. The lease was an extension of an existing lease dated June 8, 2012. The lease was extended beyond December 31, 2019 and is now effective until December 31, 2027. The new lease extension also stipulates the inclusion of additional floor space to that which was stipulated in the original lease. The lease is subject to an annual increase as stipulated in the agreement applied from April 1st, 2020. In addition to the rental payable the company will also be responsible to pay certain recoveries of operational costs and taxes. The company has accounted for this lease at March 31, 2023 and 2022, in terms of the policies in Note 2L of the accounting policies disclosed above.

On September 5, 2018 the Company entered into a building lease with Wenberry Associates,LLC., for business use and occupancy of office space in Portsmouth, New Hampshire. The lease was an extension of an existing lease dated November 18, 2009. The lease was extended beyond December 31, 2018 and is now effective until December 31, 2023. The lease is subject to an annual increase at a rate equal to the Consumer Price Index for All Urban Consumers, but shall not exceed 3% in any year. In addition to the rental payable the company is also responsible to pay certain recoveries of operational costs and taxes. The company has accounted for this lease at March 31, 2023 and 2022, in terms of Note 2L of the accounting policies disclosed above.

Rent expense for all properties rented for the twelve months ended March 31, 2023 and 2022 was $673,913 and $686,671 respectively. The future minimum lease commitments are as follows:

| **Years ending March 31,** | **$** |
|---|---|
| 2024 | 540,800 |
| 2025 | 551,200 |
| 2026 | 559,000 |
| 2027 | 572,867 |
| 2028 | 436,800 |

## 6. PROPERTY AND EQUIPMENT, NET

At March 31, property and equipment balances were as follows:

| | **2023** | 2022 |
|---|---|---|
| Computers and equipment | **$422,005** | $396,635 |
| Furniture | **$97,004** | 97,004 |
| Leasehold improvements | **$614,973** | 614,973 |
| Software | **$52,167** | 52,167 |
| Less: accumulated depreciation | **$(887,654)** | (768,910) |
| | **$298,495** | $391,869 |

The total depreciation expense recognized for the twelve months ending March 31, 2023 and 2022 was $118,744 and $150,230 respectively. The depreciation policies followed by the Company are disclosed in Note 2J above.

## 7. INCOME TAXES

The company accounts for state income taxes under the provisions of the FASB ASC 740, Income Taxes, as noted in Note 2F the company does not accounts for Federal Income Taxes.

| | **2023** | 2022 |
|---|---|---|
| **Current state income tax expense consists of the following:** | | |
| Business enterprise tax | **$33,200** | $27,828 |
| Other State taxes | **$(14,070)** | - |
| | **$19,130** | $27,828 |
| **Deferred state income tax expense consists of the following:** | | |
| State | **$-** | $27,800 |
| | **$-** | 27,800 |
| **Total current and deferred state income tax expense** | **$19,130** | $55,628 |
| **Deferred tax liability consists of the following:** | | |
| State | **$26,896** | $(108,646) |

In the ordinary course of business there are transactions with affiliated companies that affect the calculation and estimation of the Company’s tax liability.Although management believes that the Company’s tax estimates are reasonable, there is no assurance that the final determination of tax liability will not be different from what is reflected in the Company’s historical income tax provisions and accruals.

The Company does not anticipate any amount to be recognized related to the Company’s uncertain tax position.

The Company received notice from the State of New Hampshire Department of Revenue and Administration on February 18, 2020 of revised Business Tax Assessments based on the findings of their audit. The amount of the additional taxes levied for the fiscal years ending December 31, 2018, 2017 and 2016 were $15,017, $10,418 and $11,175 respectively which the Company has accrued for in the current year.

## 8. SHORT TERM BORROWINGS

Short-term borrowings comprises of unsecured revolving credit facilities attracting interest at variable rates and renewed within a period of 1 year. The Company entered into a new line of credit agreement on December 27, 2022, the line has a maximum borrowing of $500,000. The outstanding balance as of March 31, 2023 was $0.

## 9. COMMITMENTS AND CONTINGENCIES

Based on current known facts and circumstances, the Company currently believes that any liabilities ultimately resulting from ordinary course claims and proceedings will not individually or in aggregate, have a material adverse effect on the Company's financial position, results of operations or cash flows.

## 10. CONCENTRATION OF CREDIT RISK

### REVENUE AND ACCOUNTS RECEIVABLE

The majority of the Company's sales are credit sales and terms offered to customers vary according to the credit risk profiles of, and the invoicing conventions established in the entity's markets. The contractual terms on invoices issued to customers vary and are payable upon receipt or immediate to within 120 days.

Aging analysis of gross trade receivables, is as follows:

| | **2023** | 2022 |
|---|---|---|
| Less than 30 days | **$1,667,693** | $1,789,015 |
| Between 30 and 60 days | **1,265** | 687,330 |
| Between 60 and 120 days | **-** | 156,123 |
| More than 120 days (provided for in full) | **2,275** | 139,799 |
| | **$1,671,233** | $2,772,267 |

The following are customer concentration for sales for the year ended March 31, 2023 and billed accounts receivable as at March 31, 2023.

Billed Revenue concentration for the year ended March 31, 2023:

| | **Amount, $** | Concentration |
|---|---|---|
| Abbvie | **2,109,843** | 18% |
| TD Bank | **1,508,010** | 13% |
| Magellan Health | **1,375,267** | 11% |
| Takeda Oncology | **620,978** | 5% |
| HighMark | **584,200** | 5% |

Billed accounts receivable concentrations as at March 31, 2023:

| | **Amount, $** | Concentration |
|---|---|---|
| Abbvie | **456,483** | 27% |
| Takeda Oncology | **411,793** | 25% |
| Magellan Health | **304,023** | 18% |
| Novo Nordisk Inc. | **169,461** | 10% |
| State Employees Credit Union | **146,250** | 9% |

The following are customer concentration for sales for the year ended March 31, 2022 and billed accounts receivable as at March 31, 2022.

Billed Revenue concentration for the year ended March 31, 2022:

| | **Amount, $** | Concentration |
|---|---|---|
| Abbvie | **1,748,450** | 14% |
| TD Bank | **1,135,667** | 9% |
| Magellan Health | **1,083,540** | 9% |
| Takeda Oncology | **1,010,698** | 8% |
| HighMark | **973,001** | 8% |

Billed accounts receivable concentrations as at March 31, 2022:

| | **Amount, $** | Concentration |
|---|---|---|
| Abbvie | **602,861** | 22% |
| Takeda Oncology | **495,360** | 18% |
| Magellan Health | **275,636** | 10% |
| Novo Nordisk Inc. | **227,889** | 8% |
| State Employees Credit Union | **203,566** | 7% |

## 11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined under Accounting Standards Codification (“ASC”) 820, “Fair Value Measurements and Disclosures” (“ASC 820”), as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1–inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.

Level 2–inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.

Level 3–inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

The carrying amounts of cash, accounts receivable and accounts payable approximate fair value due to the short-term maturity of the instruments. The carrying amounts of the Company’s floatable interest rate debt are considered reasonable estimates of fair value.

Accounts with banks are assigned to level 2 financial assets under the fair value hierarchy.

## 12. EMPLOYEE BENEFITS

### DEFINED CONTRIBUTION PLANS

The Company sponsored defined contribution plans in which eligible participants may defer a fixed amount or a percentage of their eligible compensation, subject to limitations, pursuant to Section 401(k) of the Internal Revenue Code. The Company made discretionary matching contributions of eligible compensation. Contributions are discretionary and evaluated annually. Aggregate contributions charged to operations, including discretionary amounts, for the years ended March 31, 2023 and 2022 was $228,791 and $292,371 respectively.

**13. SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through May 15, 2023. No significant events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

No significant events occurred subsequent to the balance sheet date but prior to May 15, 2023, that would have a material impact on the financial statements.

# SUPPLEMENTAL SCHEDULES OF EXPENSES

**FOR THE YEARS ENDED MARCH 31, 2023 and MARCH 31, 2022**

| | **$** | $ |
|---|---|---|
| | **2023** | 2022 |
| **Schedule I** | | |
| **GENERAL AND ADMINISTRATIVE** | | |
| Lease expense and other rent | **673,913** | 686,671 |
| Professional fees | **310,554** | 330,770 |
| Computer and software expenses | **105,611** | 152,951 |
| Dues and subscriptions | **113,558** | 90,655 |
| Communications | **61,000** | 56,604 |
| Insurance | **58,057** | 70,826 |
| Training and continuing education | **29,714** | 21,434 |
| Miscellaneous expenses | **28,968** | 12,171 |
| Meals and entertainment | **23,794** | 16,928 |
| Operational costs on rentals | **17,793** | 16,349 |
| Travel expenses | **17,970** | 7,330 |
| Office supplies, printing and postage | **9,931** | 16,653 |
| Cleaning and janitorial expenses | **3,700** | 3,693 |
| Bad and Doubtful receivables | **(103,026)** | 202,713 |
| Bank service charges | **-** | 849 |
| Utilities | **-** | 10,785 |
| Charitable contributions | **-** | 20,280 |
| Automobile expenses | **-** | 22,681 |
| | **1,351,537** | 1,740,343 |
| **Schedule II** | | |
| **SALES AND MARKETING** | | |
| Advertising and promotions | **81,942** | 93,751 |
| Office supplies, printing and posting | **31,626** | 2,191 |
| Meals and entertainment | **21,259** | 249 |
| Travel expenses | **131** | - |
| Research and samples | **-** | 34,961 |
| | **134,958** | 131,152 |

# TECH MAHINDRA GmbH

**Unaudited Financial Statement for the year ended 31st March 2023**

**Managing Directors**
Mr Mukul Dhyani
Mr Mandar Vasant Bhairavkar

**Registered office**
Fritz-Vomfelde Str. 8
40547 Dusseldorf
Germany

**Bankers**
HSBC Bank
HSBC Trinkaus and Burkhardt AG
Koenigsallee 21/23
40212 Duesseldorf

# BALANCE SHEET AS AT 31 MARCH 2023

**Assets**

| | 31 March 2023 | | 31 March 2022 | |
|---|---|---|---|---|
| | **EUR** | **EUR** | EUR | EUR |
| **A. Fixed assets** | | | | |
| **I. Intangible assets** | | | | |
| Acquired software | | **11,877.13** | | 30,413.12 |
| **II. Property, plant and equipment** | | | | |
| 1. Other equipment, operating and office equipment | **1,258,874.30** | | 1,416,871.43 | |
| 2. Assets in construction | **1,078.58** | **1,259,952.88** | 0.00 | 1,416,871.43 |
| **III. Financial assets** | | | | |
| Shares in affiliated companies | | **14,492,589.89** | | 6,052,265.59 |
| | | **15,764,419.90** | | 7,499,550.14 |
| **B. Current assets** | | | | |
| **I. Inventories** | | | | |
| Prepayments | | **201,829.38** | | 70,154.77 |
| **II. Receivables and other assets** | | | | |
| 1. Trade receivables | **16,736,622.44** | | 18,035,658.42 | |
| 2. Receivables from affiliated companies | **45,235,858.73** | | 35,977,324.38 | |
| 3. Other assets | **5,003,200.09** | **66,975,681.26** | 3,667,904.93 | 57,680,887.73 |
| **III. Cash and cash equivalents** | | **172,799.62** | | 177,552.79 |
| | | **67,350,310.26** | | 57,928,595.29 |
| **C. Prepaid expenses** | | **2,573,243.26** | | 1,803,760.96 |
| | | **85,687,973.42** | | 67,231,906.39 |

**Equity and liabilities**

| | 31 March 2023 | 31 March 2022 |
|---|---|---|
| | **EUR** | EUR |
| **A. Equity** | | |
| **I. Subscribed capital** | **703,500.00** | 601,000.00 |
| **II. Capital reserve** | **22,008,815.17** | 7,705,770.17 |
| **III. Profit carried forward** | **15,164,245.14** | 4,880,763.80 |
| **IV. Net income for the year** | **5,387,811.66** | 10,283,481.34 |
| | **43,264,371.97** | 23,471,015.31 |
| **B. Provisions** | | |
| 1. Provisions for pensions and similar obligations after netting with plan assets | **114,308.31** | 139,804.77 |
| 2. Tax provisions | **1,553,796.27** | 400,479.18 |
| 3. Other provisions | **6,343,106.35** | 6,194,369.98 |
| | **8,011,210.93** | 6,734,653.93 |
| **C. Liabilities** | | |
| 1. Liabilities to banks | **1,136,972.06** | 3,573,366.42 |
| 2. Trade payables | **11,230,093.91** | 21,138,045.88 |
| 3. Liabilities to affiliated companies | **20,547,568.88** | 11,551,657.09 |
| 4. Other liabilities | **1,497,755.67** | 763,167.76 |
| – thereof taxes EUR 1,056,848.37 (prior year: EUR 738,718.14) – | | |
| – thereof social securities EUR 440,643.70 (prior year: EUR 6,670.18) – | | |
| | **34,412,390.52** | 37,026,237.15 |
| | **85,687,973.42** | 67,231,906.39 |

# 1 APRIL 2022 TO 31 MARCH 2023

| | | 2022/2023 | | 2021/2022 | |
|---|---|---|---|---|---|
| | | **EUR** | **EUR** | EUR | EUR |
| 1. | Revenue | | **141,109,280.62** | | 120,706,155.28 |
| 2. | Other operating income | | **5,424,384.61** | | 5,396,382.98 |
| 3. | Cost of materials | | | | |
| | Cost of purchased services | | **71,028,353.44** | | 62,818,433.89 |
| 4. | Personnel expenses | | | | |
| | a) Wages and salaries | **46,128,538.59** | | 35,895,561.29 | |
| | b) Social security, pension and other benefits | **6,395,008.00** | **52,523,546.59** | 5,581,406.58 | 41,476,967.87 |
| 5. | Amortisation of intangible assets and depreciation of property, plant and equipment | | **672,972.68** | | 1,012,188.77 |
| 6. | Other operating expenses | | **8,450,538.68** | | 7,910,128.33 |
| 7. | Other interest and similar income | | **38,425.77** | | 62,331.24 |
| 8. | Write down of long term financial assets | | **5,491,908.73** | | 0.00 |
| 9. | Interest and similar expenses | | **38,539.13** | | 102,915.50 |
| 10. | Income taxes | | **2,978,921.28** | | 2,559,132.53 |
| **11.** | **Result after taxes** | | **5,387,310.47** | | 10,285,102.61 |
| 12. | Refund of other taxes (prior year: other taxes) | | **-501.19** | | 1,621.27 |
| **13.** | **Net income for the year** | | **5,387,811.66** | | 10,283,481.34 |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 1 APRIL 2022 TO 31 MARCH 2023

**General information about the annual financial statements**

TECH MAHINDRA GmbH is located in Düsseldorf and registered at the Registry court in Düsseldorf, Registry court number, HRB 47738. The company is a large corporation within the meaning of Section 267 (3) HGB.

The annual financial statements were prepared in accordance with the provisions of the German Commercial code (HGB) in the current version and the supplementary provisions of the German limited liability company law (Gesetz betreffend Gesellschaften mit beschränkter Haftung (GmbHG)).

The financial statements comprise balance sheet, income statement and notes (including the fixed-asset movement schedule). The income statement was prepared in accordance with the nature of expense method (§ 275 (2) HGB).

**Disclosures on accounting policies**

Intangible assets are measured at cost and amortized on a straight-line basis over their economic useful life. Purchased software is amortized over their useful life of four years. Intangible asset, which are fully amortized, will be presented as disposal in the last year of amortization.

Tangible assets are valued at cost and depreciated over their estimated useful life on a straight-line basis. Operating and office equipment is depreciated over a useful life of three to ten years.

Low-value assets with costs of up to EUR 800.00 are immediately recognized as depreciation expense and directly presented as disposal.

Investments and other financial assets are recognized at cost. If necessary, the applicable lower value has been recognized at the reporting date.

Receivables and other assets are recognized at nominal value. In order to cover all recognizable risks as at the balance sheet date, allowances for bad debts are set aside.

Cash-in-hand and bank balances are recognized at nominal value.

Prepaid expenses are incurred before the balance sheet date to the extent that these constitute expenditures for a certain time thereafter.

Deferred taxes will be determined for temporary differences between the carrying amounts of assets and liabilities under commercial law and their tax bases and for usable loss carryforwards. Deferred taxes are calculated on the basis of an average income tax rate of 31 %. Any net resulting tax burden would be recognized in the balance sheet as deferred tax liabilities. In the event of a tax relief (deferred tax asset), the option granted in Section 274 (1) Sentence 2 HGB is exercised, and a balance sheet entry is waived. In the current financial year, there was a total asset surplus not shown in the balance sheet. This is mainly due to valuation differences between the commercial balance sheet and the tax balance sheet with regard to pension provisions.

Provisions were recognized for all further uncertain liabilities. They reflect all identifiable risks. In accordance with section 253 (1) sentence 2 of the HGB, provisions are measured at the settlement amount dictated by prudent business judgement.

Provisions from pension obligations were calculated based on the projected unit credit method by an actuarial. The underlying assumptions are presented in following explanations to the balance sheets.

Liabilities are recognized at their settlement amount.

Income and expenses are recognized in the income statement on an accrual basis. Revenue is recognized at the time when services are rendered.

Assets and liabilities in foreign currencies are valued in the annual financial statements at the average rate for the date of initial recognition. On the reporting date, assets and liabilities denominated in foreign currencies with a remaining term of up to one year are converted at the exchange rate prevailing on the balance sheet date. Non-current receivables and liabilities denominated in foreign currencies are valued in accordance with the lower of cost or market principle (section 256a sentence 2 HGB) and recognized at the exchange rate on the balance sheet date provided that the exchange rate on the transaction date was not lower (for assets) or higher (for liabilities). Profit and loss from converting foreign currency transactions into local currency are recognized separately in the income statement under “Other operating income” and “Other operating expenses”.

**Balance Sheet**

**Fixed Assets**

With regard to the development of intangible assets, tangible assets and financial assists we refer to the fixed-asset movement schedule (as appendix to the notes).

**Financial assets**

The company holds the share in the following investments:

TechM IT Services GmbH, Wien/Austria:

| | **31 March 2023** | 31 March 2022 |
|---|---|---|
| Shareholding relationship | **100 %** | 100 % |
| Equity in kEUR | **128** | 109 |
| Result for the year in kEUR | **19** | 2 |

TECH MAHINDRA Norway A.S, Fornebu/Norway:

| | **31 March 2023** | 31 March 2022 |
|---|---|---|
| Shareholding relationship | **100 %** | 100 % |
| Equity in mNOK | **37,605** | 31,706 |
| Result for the year in mNOK | **4,457** | 20,830 |
| FX-rate as of March 31 | **0,08772 NOK/ EUR** | 0,08732 NOK/ EUR |

Tech Mahindra Luxembourg S.à r.l., Luxembourg:

| | **31 March 2023** | 31 March 2022 |
|---|---|---|
| Shareholding relationship | **100 %** | 100 % |
| Equity in kEUR | **121** | 86 |
| Result for the year in kEUR | **35** | 50 |

Beris consulting GmbH, Wolfsburg:

| | **31 December 2022** | 31 December 2021 |
|---|---|---|
| Shareholding relationship | **100 %** | 100 % |
| Equity in kEUR* | **1,607** | 1,621 |
| Result for the year in kEUR* | **30** | -70 |

LINEAS Informationstechnik GmbH, Braunschweig:

| | **31 December 2022** | 31 December 2021 |
|---|---|---|
| Shareholding relationship** | **100 %** | 100 % |
| Equity in kEUR* | **1,211** | 2,867 |
| Result for the year in kEUR* | **-1,656** | 163 |

** through investment in Beris consulting GmbH, Wolfsburg

*Since the fiscal year of Beris consulting GmbH, Wolfsburg, and LINEAS Informationstechnik GmbH, Braunschweig corresponds to the calendar year, the information on the result for the financial year and on equity was taken from the statutory financial statements as of 31 December 2022 and as of 31 December 2021.

**Current Assets**

**Inventory**

Inventory comprises only of prepayments to suppliers in the current financial year.

**Trade receivables and other assets**

Trade receivables and other assets comprise as follows:

| | **As of 31 March 2023** | Amounts due after more than 1 year | As of 31 March 2022 | Amounts due after more than 1 year |
|---|---|---|---|---|
| Trade receivables | **16,736,622.44 €** | 0.00 € | 18,035,658.42 € | 0.00 € |
| Receivables from affiliated companies | **45,235,858.73 €** | 0.00 € | 35,977,324.38 € | 0.00 € |
| Other Assets | **5,003,200.09 €** | 0.00 € | 3,667,904,93 € | 0.00 € |
| **Total** | **66,975,681.26 €** | 0.00 € | 57,680,887.73 € | 0.00 € |

Receivables from affiliated companies comprise receivables from shareholders in the amount of kEUR 45,135 (prior year: kEUR 35,942).

Receivables from affiliated companies contain loan receivables in the prior year in the amount of kEUR 5,221, for which an allowance has been setup in the prior year in the amount of kEUR 5,220, due to uncollectability. The remaining receivables from affiliated companies result from trade receivables.

Other assets contain mainly deposits, tax receivables as well as salary and travel expense advance payments to employees.

**Subscribed capital**

The share capital was increased from EUR 601,000.00 (previous year) to EUR 703,500.00 in the financial year with the change in the articles of association of January 13, 2023 and is recognized at the nominal amount. Furthermore, the management of the company has been authorized to increase the share capital by September 30, 2027 by issuing new shares against cash contributions with a total nominal value of up to EUR 351,750.00. The new shares will participate in dividends from the beginning of the financial year in which they are issued. In addition, the management is authorized to determine the further details of the capital increase and to carry out the legal transactions and measures associated with the implementation. The management is authorized to amend the version of the Articles of Association accordingly after the authorized capital has been utilized or the period for using the authorized capital has expired.

In connection with the increase of the share capital, EUR 3,900,125.00 were paid into the company’s capital reserve in accordance with section 272 (2) No. 4 HGB (German Commerical Code).

In March 2023, additional EUR 6,502,795.00 were paid into the company’s capital reserve in accordance with section 272 (2) No. 4 HGB (German Commerical Code) by the shareholder to finance the capital increase in the investment TECH MAHINDRA Norway A.S, Fornebu/Norway.

**Provision for pension obligations**

The actuarial report to determine the provision for pension obligations considers future salary increases as well as increases in pension benefits. To calculate the pension obligation the mortality tables “Richttafeln 2018 G” by Klaus Heubeck were applied.

The following assumptions were applied to determine the pension obligation as of 31 March 2023:

| | **31 March 2023** | 31 March 2022 |
|---|---|---|
| Discount rate | **1.79 %** | 1.81 % |
| Expected wage and salary increases | **2.0 %** | 2.0 % |
| Expected increase in pension benefits | **1.0 %** | 1.0 % |

The provision for pension obligations is calculated in accordance with § 253 (2) HGB (German Commercial Code) using the average market rate of interest for the past ten financial years and a duration of 15 years, which is published by the German Central Bank (Deutsche Bundesbank).

In the case of the provisions for post-employment benefit obligations, the difference between the amount recognized using the average market rate of interest for the past ten financial years and the amount recognized using the average market rate of interest for the past seven financial years amounts to EUR 7,320 (prior year EUR 20,501) in the current financial year. This amount is restricted from distribution to the shareholder in accordance with § 253 (6) sentence 2 HGB.

All pension obligations are covered by reinsurance policies. Pursuant to § 246 (2) sentence 2 HGB the reinsurance policies have been offset against the pension obligations, as claims against a reinsurance policy that is not accessible to all other creditors and serves exclusively to meet pension obligations:

| | **31 March 2023** | 31 March 2022 |
|---|---|---|
| | **kEUR** | kEUR |
| The fair value of the plan assets | **394** | 385 |
| Pension obligation | **507** | 525 |
| Net amount | **114** | 140 |

Due to the netting of the pension obligation with the plan assets, expenses for additions to the pension provision in the amount of kEUR 2 were netted with personnel expenses in the amount of kEUR 0 as part of the pension expenses. The fair-value of the plan assets were determined using actuarial valuation methods.

**Other Provisions**

As in the prior year, other provisions largely contain provisions for outstanding invoices for utilized subcontractor services (kEUR 1.717; prior year kEUR 1,951) as well as provision for outstanding charges from the shareholder (kEUR 1.983; prior year kEUR 2,925).

Obligations for employee commitments comprise obligations for outstanding vacation days, bonus and severance payments amount to kEUR 2,073 (prior year kEUR 1,319).

**Liabilities**

Remaining maturities are as follows:

| | **31 March 2023** | **Remaining Maturity less than 1 year** | **Remaining Maturity more than 1 year and less than 5 years** | **Remaining Maturity more than 5 years** |
|---|---|---|---|---|
| Liabilities to banks | 1,136,972.06 € | 1,136,972.06 € | 0.00 € | 0.00 € |
| Trade payables | 11,230,093.91 € | 11,230,093.91 € | 0.00 € | 0.00 € |
| Payables to affiliated companies | 20,547,568.88 € | 20,547,568.88 € | 0.00 € | 0.00 € |
| Other liabilities | 1,497,755.67 € | 1,497,755.67 € | 0.00 € | 0.00 € |
| Thereof relating to social security and similar obligations | 440,643.70 € | 440,643.70 € | 0.00 € | 0.00 € |
| Thereof relating to taxes | 1,056,848.37 | 1,056,848.37 | 0.00 € | 0.00 € |
| **Total** | **34,412,390.52 €** | **34,412,390.52 €** | **0.00 €** | **0.00 €** |

| | 31 March 2022 | Remaining Maturity less than 1 year | Remaining Maturity more than 1 year and less than 5 years | Remaining Maturity more than 5 years |
|---|---|---|---|---|
| Liabilities to banks | 3,573,366.42 € | 3,573,366.42 € | 0.00 € | 0.00 € |
| Trade payables | 21,138,045.88 € | 21,138,045.88 € | 0.00 € | 0.00 € |
| Payables to affiliated companies | 11,551,657.09 € | 11,551,657.09 € | 0.00 € | 0.00 € |
| Other liabilities | 763,167.76 € | 763,167.76 € | 0.00 € | 0.00 € |
| Thereof relating to social security and similar obligations | 9,176.73 € | 9,179.73 € | 0.00 € | 0.00 € |
| Thereof relating to taxes | 738,718.14 € | 738,718.14 € | 0.00 € | 0.00 € |
| **Total** | **37,026,237.15 €** | **37,026,237.15 €** | **0.00 €** | **0.00 €** |

Liabilities to the shareholder amount to kEUR 20,548 (prior year: kEUR 11,552).

Liabilities to affiliated companies result only from deliveries and services, same as in the prior year.

Other liabilities comprise mainly VAT payables as well as social security contributions and taxes.

**Income statement disclosures**

**Revenue**

As in the prior year, revenue mainly relates to income from subcontracting activities relating to the rendering of IT services. They are all generated in Germany. Tech Mahindra GmbH is acting as service agent ("Dienstleistungskommissionär") as all material chances and risks related to the provided services are located at Tech Mahindra Limited.

Revenues are presented in the amount of actual costs plus a 7 % mark-up, charged to Tech Mahindra Limited. These amounts are presented as receivables from affiliated companies from Tech Mahindra Limited. Invoices charged by Tech Mahindra GmbH to customers locally are presented as trade receivables until they are paid. Corresponding to the trade receivables, liabilities to affiliated companies are recognized.

**Other operating income**

Other operating income mainly includes income from release of allowance for doubtful trade receivables from affiliated companies in the amount of kEUR 5,220 (previous year: kEUR 5,166) as well as income from exchange rate differences amounting to kEUR 149 (previous year: kEUR 193) and income from settling private use of company cars.

**Write down of long term financial assets**

The write down of long term financial assets comprises the write-down of the investment in Beris consulting GmbH, Wolfsburg.

**Other operating expenses**

Other operating expenses include, in particular, additions to the allowances for doubtful accounts (kEUR 157; prior year: kEUR 21) travel and distribution costs (kEUR 1,465; prior year: kEUR 805), legal and consulting costs (kEUR 687; prior year: kEUR 1,856), recruiting cost (kEUR 961; prior year: kEUR 1,219) and premises costs (kEUR 2,314; prior year: kEUR 1,775).

Expenses from currency conversion amount to kEUR 129 (prior year: kEUR 129).

**Other Interest and similar income**

Other interest and similar income include in current and prior year only interest from affiliated companies.

**Other Interest and similar expenses**

Other interest and similar expenses include interest expenses to affiliated companies in amount of kEUR 0 (prior year: kEUR 9) as well as interest charged to the provisions for pensions and similar obligations (kEUR 0; prior year: kEUR 3).

**Taxes on income**

Income taxes comprise as follows:

| | **31 March 2023** | 31 March 2022 |
|---|---|---|
| Current Income tax expenses | **-2,966,840.00 €** | -2,559,132.53 € |
| Tax payments / Tax refund prior years | **12,081.28 €** | 0.00 € |
| Total expenses on Income taxes | **-2,978,921.28 €** | -2,559,132.53 € |

**Other disclosures**

**Other financial obligations**

The other financial obligations mainly result from office rental contracts an amount up to kEUR 1,888 (prior year: kEUR 1,034) due in the next 12 months and kEUR 2,328 (prior year: kEUR 1,233) for following remaining duration of the agreements.

**Employees**

In the fiscal year 2022/2023 in average the following number of employees were employed:

| **Company areas** | **number of employees** |
|---|---|
| technical consultant | 594 |
| sales and support employees | 47 |
| **Total** | **641** |

**Management and Remuneration of the members of the Management**

Managing directors of the company are

- Mr. Mukul Dhyani, Frankfurt am Main, Chief operating Office,
- Mr. Mandar Vasant Bhairavkar, Milton Keynes/UK, Chief Financial Office

As the CFO is been paid by the group company in the UK, no remuneration of the members of the management has been disclosed, with regard to option of § 286 (4) HGB.

**Advisory Board**

The entity has an advisory board, which is composed of the following two members:

Rajesh Chandiramani, Mumbai/Indien, TECH MAHINDRA Ltd., Manager

Manish M Vyas, Texas/USA, TECH MAHINDRA Ltd., Manager

In the reporting year, the members of the advisory board did not receive any remuneration from the entity for their activities.

**Events after the balance sheet date**

Based on the authorization granted by resolution of the shareholders' meeting on December 22, 2022 (see notes to equity), the share capital was increased by EUR 266,400.00 to EUR 969,900.00 by resolution of the management on April 13, 2023. The remaining authorized share capital now amounts to EUR 85,350.00.

**Auditor's fee**

In fiscal 2022/2023 the auditor's fee to KPMG Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf, in the amount of kEUR 39 (prior year: kEUR 36) were recognized as an expense, which relates exclusively to auditing services.

**Group financial statements**

TECH MAHINDRA Limited, Pune/India is the sole shareholder of TECH MAHINDRA GmbH.

The Company's financial statements are included in the consolidated financial statements of TECH MAHINDRA Limited, Pune/India. TECH MAHINDRA Limited prepares the consolidated financial statements for the smallest and largest consolidated group in accordance with general accepted accounting standards in India, which are derived from the

Inter¬national Financial Reporting Standards (IFRS). In accordance with the options of § 291 HGB, TECH MAHINDAR GmbH does not prepare consolidated financial statements. The published consolidated financial statements of TECH MAHINDRA Limited are available on the company’s Internet site at www.techmahindra.com as well as at the German Commercial register (Unternehmensregister) in English Language.

**Proposal or resolution on the appropriation of net profit**

The management is proposing the following appropriation of net profit in agreement with the shareholders:

The profit of kEUR 5,387 will be carried forward and netted with the retained earnings.

Düsseldorf, 22 June 2023

| | |
|---|---|
| **Mukul Dhyani** | **Mandar Vasant Bhairavkar** |
| Managing Director | Managing Director |

# FROM 1 APRIL 2022 TO 31 MARCH 2023



| | Gross book values | | | | | Accumulated depreciation | | | | Net book values | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 April 2022 | Additions | Reclass | Disposals | **31 March 2023** | 1 April 2022 | Additions | Disposals | **31 March 2023** | **31 March 2023** | 31 March 2022 |
| | EUR | EUR | EUR | EUR | **EUR** | EUR | EUR | EUR | **EUR** | **EUR** | EUR |
| **I. Intangible assets** | | | | | | | | | | | |
| Acquired software | 1,402,366.35 | 0.00 | 0.00 | 0.00 | **1,402,366.35** | 1,371,953.23 | 18,535.99 | 0.00 | **1,390,489.22** | **11,877.13** | 30,413.12 |
| **II. Property, plant and equipment** | | | | | | | | | | | |
| 1. Other equipment, operating and office equipment | 4,244,894.61 | 496,439.56 | 0.00 | 0.00 | **4,741,334.17** | 2,828,023.18 | 654,436.69 | 0.00 | **3,482,459.87** | **1,258,874.30** | 1,416,871.43 |
| 2. Assets in construction | 0.00 | 1,078.58 | 0.00 | 0.00 | **1,078.58** | 0.00 | 0.00 | 0.00 | **0.00** | **1,078.58** | 0.00 |
| | 4,244,894.61 | 497,518.14 | 0.00 | 0.00 | **4,742,412.75** | 2,828,023.18 | 654,436.69 | 0.00 | **3,482,459.87** | **1,259,952.88** | 1,416,871.43 |
| **III. Financial assets** | | | | | | | | | | | |
| Shares in affiliated companies | 6,052,265.59 | 14,472,233.03 | 0.00 | 540,000.00 | **19,984,498.62** | 0.00 | 5,491,908.73 | 0.00 | **5,491,908.73** | **14,492,589.89** | 6,052,265.59 |
| | 11,699,526.55 | 14,969,751.17 | 0.00 | 540,000.00 | **26,129,277.72** | 4,199,976.41 | 6,164,881.41 | 0.00 | **10,364,857.82** | **15,764,419.90** | 7,499,550.14 |

# MANAGEMENT REPORT FOR THE FINANCIAL YEAR FROM 1 APRIL 2022 TO 31 MARCH 2023

## 1 Corporate Profile

### 1.1 General business activities

TECH MAHINDRA GmbH (as follows: company or TECH MAHINDRA) is a wholly owned German subsidiary of Tech Mahindra Limited, Pune/India ("TM Ltd."). It was established in 2001. The company's business activities are focused on the provision of consultancy technology and rendering outsourcing services in the communications sector.

We generally perform our services on behalf of our parent company within the scope of a service agreement. Our parent company reaches agreements with the customer regarding those business activities. We are a subcontractor to our parent company and are therefore not subject to material risks. Remuneration for our activities is based on the reimbursement of costs incurred plus a mark-up.

Since 2015 we have also concluded a significant number of agreements directly with customers.

### 1.2 Financial performance measures

TECH MAHINDRA is part of the global Tech Mahindra Limited, Pune/India ("TM Ltd.") group and its reporting system. The financial performance indicators of the company are revenues as well as result for the year and are described in section 2 and 3 of this report. As there is no break-down of group budgets on company level, the company reviews its financial performance indicators mainly by comparison to prior fiscal years.

### 1.3 Non-financial performance indicators

We note that the following non-financial performance indicators are important but are not currently used in the direct management of our company.

- **Occupational safety**

  The constant and consistent implementation of safety guidelines ensures that the risk of accidents is reduced as far as possible. Occupational safety is the highest principle of management and is more important than the principle of profit maximization.

- **Training Measures**

  The nature of our business means that we require highly qualified employees for work on high-tech and telecommunications projects. Training is carried out according to need and is primarily conducted by employees at the Tech Mahindra development centers in India. Training measures are monitored and evaluated by the HR department, an employee's superior and the employee him- or herself.

## 2 Report on Economic Conditions and Business

### 2.1 Development of the overall economy and the industry

The performance of the global economy during the fourth year of the COVID19 pandemic varies considerably between sectors and regions. German economy continued to recover from the impact of the pandemic.

In spring 2022, Russia initiated a war of aggression against Ukraine, and its consequences pose major economic challenges for Europe, and especially Germany. Energy prices have continued to rise sharply since the start of the war. The substantial reduction in Russian natural gas supplies in the summer of 2022 has exacerbated the energy crisis and fueled inflation, after it was already elevated in 2021.

The German Council of Economic Experts (GCEE) expects gross domestic product (GDP) in Q3 2022 slightly exceeded the level from Q4 2019 - before the Corona crisis. However, the economic outlook in Germany has worsened considerably due to the consequences of the Russian war of aggression against Ukraine. The steep hikes in energy prices have diminished purchasing power and dampen private consumption. They also impair production, especially in energy-intensive industries. High economic uncertainty and weak foreign trade imply that investments and exports are unlikely to stimulate growth in the short term. Supply chain disruptions, however, are expected to gradually decline, al-lowing companies to process their high- level order backlog. Moreover, private households are expected to spend a larger share of their income and savings to smooth consumption. These developments, as well as the robust labor market and the relief packages, especially the gas price brake, should dampen the downturn. The GCEE expects Germany's GDP to grow by 1.7 % in 2022. Growth in 2022 results from the statistical overhang at the end of 2021 and economic growth during the 1st half of 2022, while stagnation is likely in the second half. In 2023, downward forces are expected to prevail and GDP is expected to decline by 0.2 %.

The sector in which our company operates, benefits considerably from increasingly strong digitalization and the continuously high need for investment in IT. Entities know that in order to create sustainable competitiveness, they need to develop digitally within the company or face irrelevance. These challenges also provide opportunities for the global technology industry.

### 2.2 Report on business

#### 2.2.1 Development of revenue

As our revenues are mainly based on reimbursement of costs incurred plus a 7 % mark-up ("cost-plus method") as part of a service agreement, the general economic and industry development have only a limited effect on the business development of our company.

Revenue from the service agreement rose substantially (+16.9%) from kEUR 120,706 to kEUR 141,109 due to a significant increase in projects and related higher subcontracting, which have been charged to our parent company. As we had planned only a slight increase in revenues in comparison to the prior year, the increase of revenue by 16.4% outreach our expectations.

#### 2.2.2 Investments

In order to expand business activities, the company increased the capital (capital reserve) in its investment in TECH MAHINDRA Norway A.S, Fornebu/Norway by kEUR 14,472.

Further, the company acquired IT – equipment in the fiscal year 2022/2023 in the amount of kEUR 498.

#### 2.2.3 Employees

As at 31 March 2023, the Company counts 617 employees (31 March 2022: 589 employees).

The nature of our business demands the employment of highly skilled personnel who participate in high-tech and telecommunication projects. That makes it necessary to employ staff from the TECH MAHINDRA development centers in India.

Our employees are working at client companies throughout Germany, including Bonn, Munich, Koblenz, Wolfsburg and Hamburg. Most of our employees have a university degree and several of them have even postgraduate qualifications.

## 3 Business development

### 3.1 Results of operations

Under the service agreement concluded with the parent company, TECH MAHINDRA is reimbursed for the cost incurred and receives a mark-up of 7 %, so that TECH MAHINDRA always disposes on constant cash inflows and realizes revenue that more than compensate the costs. In the period for the financial year 2022/2023, the Company reported a net profit of kEUR 5,388, compared to a net profit of kEUR 10,283 in the prior year. This profit for the year corresponds to 3.8 % of the total revenue (prior year: 8.5 %). The decrease in profits relates mainly to the impairment of the investment in Beris Consulting GmbH in the amount of kEUR 5,492. The EBITDA / Sales ratio remains almost stable with 10.3% in comparison to 11.5% in the fiscal 2021/2022 and so in compliance with our plan for the year. In this case we define EBITDA as statutory result for the year adjusted by Income taxes, the financial result including interest and write-off of investments as well as the amortization and depreciation of fixed assets.

The cost of materials, which related exclusively to purchased services, totaled kEUR 71,028 (prior year: kEUR 62,818). The materials usage ratio (ratio of cost of materials to revenue) dropped from 52.0 % to 50.3 % due to less purchased services at some projects as the service was provided by own employees (see also increased personnel expenses).

The rise in personnel expense from kEUR 41,477 to kEUR 52,526 is mainly due to an increased headcounts.

The personnel expense ratio (ratio of personnel expense to revenue) amounts to 37.2 % (prior year: 34.4 %). The increase in personnel expense ratio is related to decrease materials usage ratio as the purchased services were substituted by own personnel.

Other operating expenses increased from kEUR 7,910 to kEUR 8,451. While travel costs (+ kEUR 659) and rental costs (+ kEUR 538) increased, legal and consulting fees dropped by kEUR -1,169.

### 3.2 Net assets

The equity ratio improved from 34.9 % to 50.5 % and the equity amounts to kEUR 43,264 due to an increase of share capital by kEUR 103 and an increase of the capital reserve by kEUR 14,303 as well as the profit of the year in amount of kEUR 5,388.

The Company’s assets are dominated by trade receivables as well as receivables from affiliated companies.

Trade receivables declined slightly from kEUR 18,036 to kEUR 16,736 despite the significant sales increase mainly due to ongoing improvements of the receivable management.

The increase of receivables from affiliated companies from kEUR 35,977 to kEUR 45,236 relates mainly to the release of an allowance for bad debts from affiliated companies in the amount of kEUR 5,220 and the improvement of revenues.

The variance in cash and cash equivalents as part of the cash funds is presented together with the information on the financial position below.

The slightly higher other accruals as compared to last year were primarily due provisions for additional cost in order to close down the investment in Beris consulting GmbH.

Liabilities to affiliated companies increased to kEUR 20,548 as compared to kEUR 11,552 of last year as they company as part of its cash management, paid liabilities to the affiliated companies not before the due date. In comparison, in the prior year, the company made early payments to avoid negative interest on cash balances.

### 3.3 Financial situation

As of 31 March 2023, the company’s cash funds (cash-in-hand, bank balances) amounted to kEUR 172 (31 March 2022: kEUR 178).

The operative cash flow decreased in current year to EUR 2.5 million (prior year EUR 3.8 million) despite a continuous improvement of the third-party trade receivable management due to major repayments of intercompany liabilities and increased receivables from affiliated companies.

Further cash funds were reduced by an investment cash flow of EUR – 14.5 million, which is mainly due to the capital increase at TECH MAHINDRA Norway A.S, Fornebu/Norway. The investment activities were partly funded by an increase of equity in the amount of EUR 14.4 million.

The service agreement ensures continuous cash inflow for the financing of current business activities.

### 3.4 Overall Assessment of the Economic Situation

In the opinion of the management of the company, the business development is generally satisfying. The management is satisfied with the development of sales and the profit for the year considering the current situation.

## 4 Outlook, risks and opportunities for future development

### 4.1 Report on risks and opportunities

#### 4.1.1 Risk management

The company has a financial reporting system, which is integrated into the TECH MAHINDRA group reporting structures. This supports the company in the ongoing monitoring and management of business development by means of target, actual and budget comparisons on group level.

As a result of the service agreement described above, the company has constant cash inflows and revenue above the level of its costs. Owing to the agreements that are in place, the company is not subject to significant business risk.

#### 4.1.2 Risks and opportunities for future development

A number of the risks we face relate to the development of offshore services, increased competition and lower revenues as well as lower profits. We are focused on overcoming those risks by continuing to increase our marketing activities, developing clear quality guarantees for existing customers, extending our activities beyond our usual areas of business (e.g. OSS, VAS and networks) and entering new markets.

As risk, we define future developments or events, which have impact on the budgeted results of the company and the group respectively. We classify the risks in economic risks, employee related risks and technology risks. The company is facing the following risks, which are present from risks with highest occurrence and the highest possible impact to the lowest occurrence and lowest financial impact.

- Economic risks

Due to the war of aggression against Ukraine the global economic trend is slowing down, and companies could consider cutting their budgets with regard to investment in the IT infrastructure or to postpone IT - projects.

- Employee related risks:

With the evolving IT industry, right skillset and talent is required to respond quickly to the ongoing changes. The inability to cost effective hiring and retaining increased number of professionals with the required skillset is to be consider as a risk.

- Technology risks:

The industry has been seeing a shift to disruptive technologies which are continually evolving. This shift coupled with changes in business models and consumer spending patterns could be a threat to the growth in traditional IT spends and technology obsolescence.

The following opportunities are currently followed by the company:

- Digitalization Trend

The COVID-19 pandemic showed a significant need to digitalize processes in companies and further improve the IT infrastructure. The TECH MAHINDRA group provides the necessary services to these companies, which comprises significant business opportunities for the company.

- Employees

The company sees a big opportunity, that its recruits also employee in India, which offers more skilled and trained IT – professionals then the limited market in Germany and Europe.

- Cost advantage

Due to the possibility to outsource part or complete orders to its shareholder in India, which has a different and lower cost structure, the company has a cost advantage in regard to its competitors.

#### 4.1.3 Overall assessment of the risk and opportunity situation

The overall view of the company’s risk and opportunity situation remains essentially unchanged. Currently, there are no risks recognizable, that either alone or in combination with other risks could endanger the continued going concern of the company.

### 4.2 Outlook

#### 4.2.1 General economic outlook

Due to the economic impact of the Ukraine war and COVID-19 pandemic, the German government expects annual average growth in real gross domestic product (GDP) of 0,2 % in the remaining year of 2023. In 2023, downward forces are expected to prevail and GDP is expected to increase by 1.8 %.

#### 4.2.2 Companies outlook

Taking into account the current order backlog and business situation, we expect slightly revenue increase in the financial year 2023/2024 and the following years, despite the current economic impacts of the Ukraine war. The company's business will primarily consist of follow-up orders and acquired contracts. We also plan to generate growth by extending our range of services and entering new markets. Profit for the year will slightly increase in comparison to the profit in the current year.

The company has good prospects in the financial year 2023/2024 as we plan to develop additional businesses activities in new areas and segments. We expect the profit/revenue ratio to remain at the same level due to the nature of our business model (cost-plus method). However, increased volumes of business and higher revenue mean that we expect profits to increase in the coming years.

We assume gradual growth in the future since the companies are under cost pressure. We continue to expect demand for outsourcing and offshoring as well as managed service to increase. The introduction of new technologies is often accompanied by a lack of technical skills, which TECH MAHINDRA can provide.

Currently, we do not foresee any impact from the conflict in the Ukraine on the company's business, as the company has no business activities in the Ukraine, Belarus or Russia. Also, we do not expect any impact on the company's business, due to rising energy or similar costs, contrary this might initiate further projects for digitalization in order to cut costs, which the company can benefit from.

The predicted slightly increase in revenue and profit is based on an increased volume of business, which will result in higher reimbursable operating costs.

The company has considered the possible effects that may result from the Ukraine conflict and does as of the date of this report not foresee any impact on its current business plan.

Düsseldorf/Germany, 22 June 2023

| | |
|---|---|
| **Mukul Dhyani** | **Mandar Vasant Bhairavkar** |
| Managing Director | Managing Director |

# BERIS CONSULTING GmbH

**Unaudited Financial Statement for the year ended December 31, 2022**

**Managing Directors**

Mr. Frank Hildebrandt
Mr. Sujan Kotian

**Registered office**

Am Hasselbach 4
38440 Wolfsburg
Mandant: 10416

**Bankers**

Volksbank eG Braunschweig Wolfsburg
Am Mühlengraben 1
38440 Wolfsburg

# BALANCE SHEET AS OF DECEMBER 31, 2022

| | | Assets | 31/12/2022 | 31/12/2021 |
|---|---|---|---|---|
| | | | EUR | EUR |
| A. | | **Fixed assets** | | |
| I. | | Intangible Assets | | |
| 1. | | Purchased concessions, industrial and similar rights and assets, and licences in such rights and assets | **0.00** | 437.00 |
| | 120 | Industrial rights | **0.00** | 433.00 |
| | 135 | Computer software | **0.00** | 2.00 |
| | 140 | Licences in industrial and similar rights and assets | **0.00** | 2.00 |
| | | **Intangible assets** | **0.00** | 437.00 |
| II. | | Tangible assets | | |
| 1. | | Other equipment, factory and office equipment | **4,690.00** | 9,778.00 |
| | 650 | Office fittings | **3,050.00** | 5,059.00 |
| | 651 | Office fittings | **3.00** | 3.00 |
| | 675 | Assets (collective item) | **1,227.00** | 2,254.00 |
| | 691 | Other operating and office equipment | **410.00** | 2,462.00 |
| | | **Tangible assets** | **4,690.00** | 9,778.00 |
| III. | | Financial assets | | |
| 1. | | Shares in affiliated enterprises | **2,400,000.00** | 2,400,000.00 |
| | 800 | Shares in affiliated companies (fixed assets) | **2,400,000.00** | 2,400,000.00 |
| | | **Financial assets** | **2,400,000.00** | 2,400,000.00 |
| | | **Fixed assets** | **2,404,690.00** | 2,410,215.00 |
| B. | | **Current assets** | | |
| I. | | Receivables and other assets | | |
| 1. | | Trade receivables | **14,412.10** | 133,746.93 |
| | 1200 | Trade receivables | **14,412.10** | 133,746.93 |
| 2. | | Receivables from affiliated enterprises | **31,915.21** | 68,644.35 |
| | 1260 | Receivables from affiliated companies | **31,915.21** | 68,644.35 |
| 3. | | Other receivables and other assets | **38,027.34** | 277,787.38 |
| | 1300 | Other assets | **0.00** | 1,700.00 |
| | 1305 | Other assets - due after more than 1 year | **0.00** | 269,535.00 |
| | 1355 | Security deposits - due after more than 1 year | **5,954.38** | 5,954.38 |
| | 1401 | Deductible input tax, 7 % | **43.59** | 0.00 |
| | 1404 | Deductible input tax on intra-Community acquisitions, 19 % | **82.02** | 0.00 |
| | 1405 | Deductible input tax, 16 % | **-27.89** | 0.00 |
| | 1406 | Deductible input tax, 19 % | **37,713.82** | 0.00 |
| | 3300 | Trade payables | **1,341.16** | 0.00 |
| | 3790 | Payroll allocation | **0.00** | 598.00 |
| | 3804 | VAT on intra-European Union acquisitions, 19% | **-82.02** | 0.00 |
| | 3806 | VAT, 19 % | **-224,950.61** | 0.00 |
| | 3820 | VAT prepayments | **185,911.23** | 0.00 |
| | 3830 | VAT prepayments 1/11 | **31,576.00** | 0.00 |
| | 3841 | VAT, previous year | **-7.66** | 0.00 |
| | 3845 | VAT, earlier years | **473.32** | 0.00 |

| | | Assets | 31/12/2022 | 31/12/2021 |
|---|---|---|---|---|
| | | | **EUR** | EUR |
| | | - in more than one year's time: 5.954,38 (275.489,38) | | |
| | | **Receivables and other assets** | **84,354.65** | 480,178.66 |
| II. | | Cash-in-hand, central bank balances, bank balances and cheques | **42,895.25** | 179,250.01 |
| | 1600 | Cash-in-hand | **156.75** | 171.50 |
| | 1800 | Bank | **42,738.50** | 179,078.51 |
| | | **Current assets** | **127,249.90** | 659,428.67 |
| **C.** | | **Prepaid expenses** | **494.69** | 2,721.73 |
| | 1900 | Prepaid expenses | **73.50** | 731.06 |
| | 1902 | Prepaid expenses | **421.19** | 1,990.67 |
| | | **Total assets** | **2,532,434.59** | 3,072,365.40 |

**Frank Hildebrandt**
Managing Director

**Sujan Kotian**
Managing Director

Date: June 25, 2023

# BALANCE SHEET AS OF DECEMBER 31, 2022

| Equity and liabilities | | | 31/12/2022 | 31/12/2021 |
|---|---|---|---|---|
| | | | **EUR** | EUR |
| A. | | **Equity** | | |
| I. | | Subscribed capital | **200,000.00** | 200,000.00 |
| | 2900 | Subscribed capital | **200,000.00** | 200,000.00 |
| II. | | Capital reserves | **1,876,494.72** | 1,876,494.72 |
| | 2920 | Capital reserves | **1,876,494.72** | 1,876,494.72 |
| III. | | Retained Earnings | **-454,771.02** | -383,995.74 |
| | 2970 | Retained profits brought forward before appropriation of net profit | **-454,771.02** | -383,995.74 |
| IV. | | Net income / Net loss | **-585,142.01** | -70,775.28 |
| | | **Total equity** | **1,036,581.69** | 1,621,723.70 |
| B. | | **Accruals** | | |
| 1. | | Other accruals | **40,186.91** | 99,848.20 |
| | 3070 | Other provisions | **0.00** | 23,230.17 |
| | 3071 | Other provisions | **0.00** | 11,000.00 |
| | 3072 | Other provisions | **18,330.09** | 24,699.99 |
| | 3076 | Long-term provisions for longterm obligations comparable to post-employment benefits | **1,120.00** | 1,500.00 |
| | 3095 | Provisions for period-end closing and audit costs | **7,997.02** | 39,418.04 |
| | 3096 | Provisions for record retention obligations | **12,739.80** | 0.00 |
| | | **Accruals** | **40,186.91** | 99,848.20 |
| C. | | **Liabilities** | | |
| 1. | | Trade payables | **5,245.24** | 4,513.78 |
| | 3300 | Trade payables | **5,245.24** | 4,513.78 |
| | | - with a term up to one year: 5.245,24 (4.513,78) | | |
| 2. | | Payable to affiliated enterprises | **1,430,837.74** | 1,278,914.05 |
| | 3400 | Liabilities to affiliated companies | **233,842.06** | 191,563.37 |
| | 3401 | Liabilities to affiliated companies - due within 1 year | **1,196,995.68** | 1,087,350.68 |
| | | - with a term up to one year: 1.430.837,74 (1.278.914,05) | | |
| 3. | | Other liabilities | **19,583.01** | 67,365.67 |
| | 1401 | Deductible input tax, 7 % | **0.00** | -86.53 |
| | 1404 | Deductible input tax on intra-Community acquisitions, 19 % | **0.00** | -316.89 |
| | 1405 | Deductible input tax, 16 % | **0.00** | 130.19 |
| | 1406 | Deductible input tax, 19 % | **0.00** | -57,915.82 |
| | 1409 | Deductible input tax under section 13b UStG, 16 % | **0.00** | -18.55 |
| | 1496 | Allocation account for payments received on account of orders if posted via receivables account | **0.00** | -28.72 |
| | 3700 | Liabilities from taxes and levies | **11,945.29** | 48,420.10 |
| | 3730 | Wage and church tax payables | **7,637.72** | 18,941.55 |
| | 3804 | VAT on intra-European Union acquisitions, 19% | **0.00** | 316.89 |
| | 3806 | VAT, 19 % | **0.00** | 405,211.62 |
| | 3820 | VAT prepayments | **0.00** | -347,339.60 |
| | 3841 | VAT, previous year | **0.00** | 51.43 |
| | | - Liabilities to tax offices: 19.583,01 (67.394,39) | | |
| | | - with a term up to one year: 19.583,01 (67.365,67) | | |
| | | **Liabilities** | **1,455,665.99** | 1,350,793.50 |
| | | **Total equity and liabilities** | **2,532,434.59** | 3,072,365.40 |

# INCOME STATEMENT FROM JANUARY 1, 2022 TO DECEMBER 31, 2022

| | | | 31/12/2022 | 31/12/2021 |
|---|---|---|---|---|
| | | | **EUR** | EUR |
| 1. | | Sales | **1,159,365.44** | 2,069,816.03 |
| | 4400 | Revenue, 19 % VAT | **954,426.04** | 1,929,789.21 |
| | 4401 | Revenue, 19 % VAT | **197,567.96** | 130,711.34 |
| | 4404 | Revenue, 19 % VAT | **7,371.44** | 9,315.48 |
| | | Total Output | **1,159,365.44** | 2,069,816.03 |
| 2. | | Other operating income | **35,584.77** | 74,330.41 |
| | 4830 | Other operating income | **0.00** | 7,500.00 |
| | 4836 | Other regular operating income, 19% VAT | **0.00** | 13,982.76 |
| | 4930 | Income from reversal of provisions | **11,000.00** | 3,930.73 |
| | 4945 | Non-cash benefits, 19 % VAT (goods) | **24,584.77** | 48,916.92 |
| | | Total operating income | **1,194,950.21** | 2,144,146.44 |
| 3. | | Cost of materials | | |
| a) | | Cost of raw materials, consumables and supplies and of purchased merchandise | **0.00** | -13,982.76 |
| | 5400 | Cost of merchandise, 19 % input tax | **0.00** | -13,982.76 |
| b) | | Cost of purchased services | **-7,418.13** | -26,275.77 |
| | 5900 | Purchased services | **-5,622.00** | -16,452.00 |
| | 5906 | Purchased services, 19% input tax | **-124.07** | 0.00 |
| | 5907 | (reserved account) | **-358.72** | 0.00 |
| | 5908 | Purchased services, 7 % input tax | **0.00** | -488.23 |
| | 5909 | Purchased services, no input tax | **-1,313.34** | -9,335.54 |
| | | Cost of materials | **-7,418.13** | -40,258.53 |
| | | Gross results | **1,187,532.08** | 2,103,887.91 |
| 4. | | Personnel expenses | | |
| a) | | Wages and salaries | **-1,028,590.06** | -1,501,583.24 |
| | 6020 | Salaries | **-976,065.09** | -1,344,082.29 |
| | 6024 | Managing director salaries of shareholders of limited liability company (GmbH) | **0.00** | -14,059.40 |
| | 6025 | Managing director salaries of shareholders of limited liability company (GmbH) | **-29,255.86** | -58,211.13 |
| | 6026 | Management bonuses paid to shareholder managers | **0.00** | -23,230.17 |
| | 6040 | Flat-rate tax on casual labour wages | **-962.75** | -2,071.61 |
| | 6050 | Salaries of spouses | **-21,196.36** | -55,369.48 |
| | 6051 | Salaries of spouses | **0.00** | -359.16 |
| | 6060 | Voluntary social benefits subject to wage tax | **-630.00** | -3,720.00 |
| | 6080 | Capital-forming payments | **-480.00** | -480.00 |
| b) | | Social security and other pension costs | **-192,719.07** | -276,487.58 |
| | 6110 | Statutory social security expenses | **-165,860.92** | -263,471.12 |
| | 6120 | Contributions to occupational health and safety agency | **-5,501.93** | -11,000.00 |
| | 6130 | Voluntary social benefits not subject to wage tax | **-20,186.50** | 0.00 |
| | 6140 | Cost of old age pensions | **-1,169.72** | -2,016.46 |
| | | - Social security and other pension costs: -1.169,72 (-2.016,46) | | |
| | | Personnel expenses | **-1,221,309.13** | -1,778,070.82 |

| | | | 31/12/2022 | 31/12/2021 |
|---|---|---|---|---|
| | | | **EUR** | EUR |
| 5. | | Depreciation | | |
| a) | | On intangible fixed assets and tangible assets as well as on capitalized start-up and business expansion expenses | **-5,514.00** | -16,474.68 |
| | 6200 | Amortisation of intangible fixed assets | **-100.00** | -9,232.00 |
| | 6210 | Write-downs of intangible fixed assets | **-333.00** | 0.00 |
| | 6220 | Depreciation of tangible fixed assets (excluding depreciation of motor vehicles and buildings) | **-4,056.00** | -5,083.70 |
| | 6260 | Immediate write-off of low-value assets | **0.00** | -405.98 |
| | 6264 | Write-downs of assets (collective item) | **-1,025.00** | -1,753.00 |
| b) | | On current assets to the extent that it exceeds depreciation which is normal for the company | **-274,219.00** | 0.00 |
| | 6280 | Bad debt allowances (if unusually high) | **-274,219.00** | 0.00 |
| | | Depreciation | **-279,733.00** | -16,474.68 |
| 6. | | Other operating expenses | **-216,146.40** | -271,717.81 |
| | 6300 | Other operating expenses | **-2,008.68** | -474.10 |
| | 6310 | Rent (immovable property) | **-92,723.96** | -93,836.16 |
| | 6320 | Heating | **-10,765.22** | -11,807.96 |
| | 6330 | Cleaning | **-51.42** | -174.99 |
| | 6400 | Insurance premiums | **-11,119.79** | -12,123.36 |
| | 6420 | Contributions | **-6,212.76** | -8,797.34 |
| | 6440 | Disabled persons equalisation levy | **-1,300.00** | -1,500.00 |
| | 6470 | Repairs and maintenance of other equipment, operating and office equipment | **-464.90** | -264.66 |
| | 6495 | Hardware and software maintenance expenses | **-2,524.92** | -2,726.20 |
| | 6520 | Motor vehicle insurance | **-4,467.46** | -9,265.65 |
| | 6530 | Current motor vehicle operating costs | **-3,963.13** | -9,988.67 |
| | 6560 | Operating leases (motor vehicles) | **-20,235.65** | -46,818.35 |
| | 6561 | Operating leases (motor vehicles) | **-430.60** | -2,352.72 |
| | 6570 | Other motor vehicle expenses | **-5,998.35** | -6,956.59 |
| | 6595 | Third-party vehicle expenses | **-12,026.61** | -8,210.71 |
| | 6630 | Corporate hospitality expenses | **-194.79** | 0.00 |
| | 6635 | Corporate hospitality expenses | **-282.10** | -565.71 |
| | 6640 | Entertainment expenses | **-55.46** | -19.37 |
| | 6644 | Non-deductible entertainment expenses | **-27.45** | -6.59 |
| | 6650 | Employee travel expenses | **-316.20** | -184.99 |
| | 6800 | Postage | **-17.09** | -15.50 |
| | 6805 | Telephone | **-7,135.89** | -5,677.22 |
| | 6806 | Telephone | **-4,490.11** | -5,123.86 |
| | 6808 | Telephone | **-232.25** | -973.01 |
| | 6815 | Office supplies | **-396.04** | -111.16 |
| | 6816 | Office supplies | **-674.54** | -2,157.71 |
| | 6820 | Newspapers, books (specialist literature) | **-141.09** | -133.11 |
| | 6825 | Legal and consulting costs | **-3,272.09** | -27,200.00 |
| | 6827 | Period-end closing and audit costs | **-13,160.00** | -10,920.00 |
| | 6830 | Bookkeeping costs | **-9,266.75** | -205.00 |
| | 6835 | Rent of fixtures and fittings (movable assets) | **-1,365.58** | -2,062.14 |
| | 6850 | Other operating supplies | **-56.95** | 0.00 |
| | 6855 | Incidental monetary transaction costs | **-757.57** | -1,064.98 |

| | | | 31/12/2022 | 31/12/2021 |
|---|---|---|---|---|
| | | | **EUR** | EUR |
| | 6895 | Disposals of tangible fixed assets (net carrying amount for book loss) | **-11.00** | 0.00 |
| | | Total operating expenses | **-1,717,188.53** | -2,066,263.31 |
| | | Operating results | **-529,656.45** | 37,624.60 |
| 7. | | Other interest and similar income | **4,684.00** | 14,052.00 |
| | 7110 | Other interest income | **4,684.00** | 14,052.00 |
| 8. | | Interest and similar expenses | **-59,645.00** | -122,676.28 |
| | 7309 | Interest expenses to affiliated companies | **-59,645.00** | -49,538.84 |
| | 7316 | Interest on shareholder loans | **0.00** | -50,600.00 |
| | 7320 | Interest expense on long-term debt | **0.00** | -22,537.44 |
| | | - to affiliated enterprises: -59.645,00 (-49.538,84) | | |
| | | Financial result | **-54,961.00** | -108,624.28 |
| 9. | | Taxes on income | **0.00** | 1,991.84 |
| | 7604 | Corporate income tax refunds for prior years | **0.00** | 1,991.84 |
| 10. | | Earnings after taxes | **-584,617.45** | -69,007.84 |
| 11. | | Other taxes | **-524.56** | -1,767.44 |
| | 7685 | Motor vehicle tax | **-524.56** | -1,767.44 |
| 12. | | Net loss for the year | **-585,142.01** | -70,775.28 |

**Frank Hildebrandt**
Managing Director

**Sujan Kotian**
Managing Director

Date: June 25, 2023

# TECH MAHINDRA NORWAY AS

**Unaudited Financial Statement for the year ended 31st March 2023**

**Board of Directors**

Mr. Gaurav Gupta

Mr. Rajesh Premraj Barwal

**RegisteredOffice**

Drammensveien 165/167 AS

Postboks 515 Skøyen, 0214 Oslo

Norway

**Bankers**

Citibank PLC

# BALANCE SHEET

| NOTE | ASSETS | 2022/2023 | 2021/2022 |
|---|---|---|---|
| | **Non-current assets** | | |
| | **Tangible fixed assets** | | |
| 5 | Computers | **2,245,313** | 4,854,215 |
| 5 | Plant and equipment | **774,193** | 1,486,322 |
| 5 | Furniture & Fixture | **4,370** | 6,467 |
| 5 | Lease computers | **12,516,649** | 18,399,144 |
| | **Total tangible fixed assets** | **15,540,525** | 24,746,148 |
| | **Deferred Tax Assets (Net)** | **14,582,627** | 16,120,736 |
| 9 | Capitalized contract costs | **197,750,000** | - |
| | | **212,332,627** | 16,120,736 |
| | **Total non-current assets** | **227,873,152** | 40,866,884 |
| | **Current assets** | | |
| | **Receivables** | | |
| 6 | Accounts receivable | **86,094,910** | 46,059,615 |
| | Other receivables | **67,171,933** | 19,787,436 |
| | Other Current Assets | | |
| | **Total receivables** | **153,266,843** | 65,847,052 |
| | Cash and cash equivalents | | |
| | Cash and cash equivalents | **69,340,640** | 11,670,082 |
| | Total cash and cash equivalents | **69,340,640** | 11,670,082 |
| | **Total current assets** | **222,607,483** | 77,517,134 |
| | **TOTAL ASSETS** | **450,480,635** | 118,384,018 |

# BALANCE SHEET

| NOTE | SHAREHOLDERS EQUITY AND LIABILITIES | 2022/2023 | 2021/2022 |
|---|---|---|---|
| | **Shareholders equity** | | |
| | **Paid-in equity** | | |
| 3, 8 | Share capital (30.000 shares at NOK 1) | **30,000** | 30,000 |
| | **Total paid-in capital** | **30,000** | 30,000 |
| | **Retained earnings** | | |
| 8 | Other equity | **37,574,825** | 32,117,336 |
| 8 | Other paid in Equity | **163,000,000** | - |
| | **Total retained earnings** | **200,574,825** | 32,117,336 |
| | **Total shareholders equity** | **200,604,825** | 32,147,336 |
| | **Liabilities** | | |
| | **Provisions for liabilities and charges** | | |
| 7 | Deferred tax | **-** | - |
| | **Total provisions for liabilities and charges** | **-** | - |
| | Non-Current Liabilities | | |
| | **Non-Current Liabilities** | **12,329,734** | 17,554,986 |
| | Total Non - current liabilities | **12,329,734** | 17,554,986 |
| | **Current liabilities** | | |
| 6 | Accounts payable | **49,233,765** | 51,829,357 |
| 7 | Current income taxes payable | **558,913** | 4,095,861 |
| | Other taxes and withholdings | **1,630,454** | 590,082 |
| 6 | **Other current liabilities** | **186,122,944** | 12,166,394 |
| | **Total current liabilities** | **237,546,076** | 68,681,693 |
| | **Total liabilities** | **249,875,810** | 86,236,682 |
| | **TOTAL SHAREHOLDERS EQUITY AND LIABILITIES** | **450,480,635** | 118,384,018 |

**Oslo, 24 June 2023**

**Board of Tech Mahindra Norway AS**

| | |
|---|---|
| **Gaurav Gupta** | **Rajesh Barwal** |
| Styrets leder/Daglig | Styremedlem leder |

# PROFIT AND LOSS STATEMENT

| NOTE | OPERATING REVENUE AND OPERATING EXPENSES | 2022/2023 | 2021/2022 |
|---|---|---|---|
| | Revenue | **108,207,238** | 67,081,593 |
| | Other income | **870,659** | 1,795,864 |
| | **Total income** | **109,077,897** | 68,877,457 |
| 2, 4 | Payroll and related costs | **36,688,968** | 25,489,328 |
| 5 | Depreciation and amortisation of fixed and intangible assets | **9,205,622** | 11,316,455 |
| | Other operating expenses | **56,051,529** | 26,315,261 |
| | **Total operating expenses** | **101,946,119** | 63,121,044 |
| | **Operating profit/(loss)** | **7,131,778** | 5,756,413 |
| | **FINANCIAL INCOME AND FINANCIAL EXPENSES** | | |
| | Other financial income | **-** | - |
| | Other financial expenses | **136,180** | 152,707 |
| | **Financial items, net** | **136,180** | 152,707 |
| | **Profit/(loss) on ordinary activities before taxation** | **6,995,598** | 5,603,706 |
| 7 | Tax on ordinary income | **1,538,109** | -15,667,568 |
| | **Profit/(loss) on ordinary activities** | **5,457,489** | 21,271,274 |
| | **PROFIT/(LOSS) FOR THE FINANCIAL YEAR** | **5,457,489** | 21,271,274 |
| | **ALLOCATION OF NET PROFIT/(LOSS) AND EQUITY TRANSFERS** | | |
| 8 | Transferred to other equity | **5,457,489** | 21,271,274 |
| | **Total allocations and equity transfers** | **5,457,489** | 21,271,274 |

# Notes to the accounts, year ended 31 March 2023

### Note 1 Accounting policies

The financial statements have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles for small entities in Norway.

### Valuation and classification of assets and liabilities

Assets intended for permanent ownership or use in the business are classified as non-current assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. The classification of current and non-current liabilities is based on the same criteria.

### Current assets are valued at the lower of historical cost and fair value.

Fixed assets are carried at historical cost, but are written down to their recoverable amount if this is lower than thecarrying amount and the decline is expected to be permanent. Fixed assets with a limited economic life are depreciated in accordance with a reasonable depreciation schedule.

### Foreign currency

All balance sheet items denominated in foreign currencies are translated into NOK at the exchange rate prevailing at the balance sheet date.

### Receivables

Trade receivables and other receivables are carried at face value less an allowance for expected losses. An estimate is made for doubtful debts based on a review of all amounts outstanding at the balance sheet date.

### Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and other monetary instruments with a maturity of less than three months at the date of purchase.

### Pensions

The company has a defined contribution plan and pays fixed contributions to an insurance company. After the contribution has been made the company has no further commitment to pay contributions relating to employee service in the current and prior periods. When employee services are rendered, the company recognizes the contribution payable in exchange for that service as a liability after deducting any contribution already paid. Prepaid contributions are reflected as an asset (pension fund) to the degree the contribution can be refunded or will reduce future payments.

### Revenues

Arising form delivery of services:

Revenue is recognised when the service is performed. Revenue is measured at the fair value of the consideration received or receivable.

### Cost of sales and other expenses

In principle, cost of sales and other expenses are recognised in the same period as the revenue to which they relate. In instances where there is no clear connection between the expense and revenue, the apportionment is estimated. Other exceptions to the matching criteria are disclosed where appropriate.

### Income taxes

Tax expenses are matched with operating income before tax. Tax related to equity transactions e.g. group contribution, is recognised directly in equity.

Tax expense consists of current income tax expense and change in net deferred tax. The tax expense is allocated to ordinary income and the effect of extraordinary items in accordance with the respective taxable income. Deferred tax liabilities and deferred tax assets are presented net in the balance sheet.

Change in presentation during the year and comparative figures

During financial year 2020, Management changed the presentation of revenue and other operating expenses, from ‘gross’ presentation to ‘net’ presentation. The Company and its Parent Company act as sub-contractors to Tech Mahindra Limited (the ‘Ultimate Parent Company’) with respect to revenue contracts with external customers, where the risks are borne by the Ultimate Parent Company. Remuneration for such sub-contracting activities is based on the reimbursement of costs incurred plus a mark-up in accordance with a service agreement with the Ultimate Parent Company. Until 2020, the revenue from external customers and equivalent sub-contracting charges from the Ultimate Parent Company were shown on a gross basis in the financial statements of the Company under ‘Revenue’ and ‘Other operating expenses’ respectively. During 2020, in order to be consistent with the presentation followed by the Parent Company, the revenue from external customers is changed to net presentation of such sub-contracting charges.

**Leases**

Leases are accounted for as financial or operational leases after a specific assessment by the individual deal. Operating assets in leases assessed as financial leases are capitalized in the balance sheet and depreciated as fixed assets fixed assets. The installment part of the lease obligation is shown as other long-term debt. The obligation is reduced by paid rent after deduction of calculated interest cost.

**Note 2 Number of employees, benefits, loan to employees etc.**

| | **2022/2023** | 2021/2022 |
|---|---|---|
| Average number of employees during the year: | 51 | 15 |

**Directors' remuneration**

| | **Salaries, fees** | Pensions | Other benefits | Salaries, fees | Pensions | Other benefits |
|---|---|---|---|---|---|---|
| | | **2022/2023** | | | 2022/2021 | |
| Managing Director/Chief Executive Officer | **2,290,000** | **16,787** | | 2,290,000 | 16,787 | - |
| Board of Directors | - | - | **-** | **-** | - | |

| **Auditor's remuneration** | **2022/2023** | 2021/2022 |
|---|---|---|
| Remuneration to KPMG (exclusive of VAT) | | |
| Audit Fees | **398,139** | 109,932 |
| Other Services | **-** | 128,805 |

**Note 3 Share capital and shareholder information**

The share capital in the company at 31 March 2023 consists of the following classes:

**Ownership structure**

All shares are owned by Tech Mahindra GMBH.

| | **Number of Shares** | **Sum** | **Ownership share** | **Voting share** |
|---|---|---|---|---|
| Tech Mahindra GMBH | 30,000 | 30,000 | 100% | 100% |
| **Total number of shares** | **30,000** | **30,000** | **100%** | **100%** |

**Note 4 Payroll costs**

| **Payroll costs** | **2022/2023** | 2021/2022 |
|---|---|---|
| Wages and salaries | **31,946,632** | 22,213,185 |
| Social security tax | **4,397,386** | 2,835,212 |
| Pension costs | **344,951** | 440,931 |
| Other benefits | | - |
| **Total** | **36,688,969** | 25,489,328 |

The company is required to have an occupational pension plan in accordance with Norwegian legislation on occupational pensions (“lov om obligatorisk tjenestepensjon”). The company’s pension plan meets the requirements of this legislation.

**Defined contribution plan**

The company has a defined contribution plan which covers a total of 51 employees. The contribution for employee services rendered in the period is recognised as pension costs.

**Note 5 Tangible fixed assets**

| | Computers | Plant & Equipment | Furniture & Fixtures | Construction in progress | Lease computers | Total |
|---|---|---|---|---|---|---|
| Cost at 1 April 2022 | 27,247,910 | 3,560,636 | 10,487 | - | 26,659,871 | 57,478,904 |
| Additions | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - |
| Cost at 31 March 2023 | 27,247,910 | 3,560,636 | 10,487 | - | 26,659,871 | 57,478,904 |
| Acc. amortisation at 1 April 2022 | 22,393,694 | 2,074,313 | 4,019 | - | 8,260,727 | 32,732,754 |
| Ordinary amortisation | 2,608,901 | 712,129 | 2,097 | - | 5,882,495 | 9,205,622 |
| Accumulated and reversed amortisation | | | | | | |
| and impairment at 31 March. 2023 | 25,002,596 | 2,786,442 | 6,117 | - | 14,143,221 | 41,938,377 |
| **Balance at 31 March 2023** | **2,245,314** | **774,194** | **4,369** | **-** | **12,516,650** | **15,540,526** |
| Current year amortisation charge | 2,608,901 | 712,129 | 2,097 | - | 5,882,495 | 9,205,622 |
| Current year impairment charge | - | - | | - | | - |
| Current year reversal of impairment charges | - | - | | - | | - |
| Economic life | 3 years | 5 years | 5 years | | | |
| Amortisation method | straight line | straight line | straight-line | | | |

| | Computers | Plant & Equipment | Furniture & Fixtures | Construction in progress | Lease computers | Total |
|---|---|---|---|---|---|---|
| Cost at 1 April 2021 | 24,673,103 | 3,560,636 | 10,487 | - | 22,025,951 | 50,270,176 |
| Additions | 2,574,807 | | - | - | 4,633,920 | 7,208,727 |
| Disposals | - | - | - | - | | - |
| Cost at 31 March 2022 | 27,247,909 | 3,560,636 | 10,487 | - | 26,659,871 | 57,478,903 |
| Acc. amortisation at 1 April 2021 | 17,673,960 | 1,362,184 | 1,922 | - | 2,378,232 | 21,416,299 |
| Ordinary amortisation | 4,719,734 | 712,129 | 2,097 | - | 5,882,495 | 11,316,455 |
| Ordinary impairment | - | - | | - | | - |
| Accumulated and reversed amortisation | | | | | | |
| and impairment at 31 March. 2022 | 22,393,695 | 2,074,313 | 4,020 | - | 8,260,727 | 32,732,754 |
| **Balance at 31 March 2022** | **4,854,215** | **1,486,323** | **6,467** | **-** | **18,399,144** | **24,746,149** |
| Current year amortisation charge | 4,719,734 | 712,129 | 2,097 | - | 5,882,495 | 11,316,455 |
| Current year impairment charge | - | - | | - | | - |
| Current year reversal of impairment charges | - | - | | - | | - |
| Economic life | 3 years | 5 years | 5 years | | | |
| Amortisation method | straight-line | straight-line | straight-line | | | |

**Leases**

Leases are accounted for as financial leases or operational leases based on a specific assessment of each lease agreement.

Lease of fixed assets classified as financial leases are capitalized and depreciated as ordinary fixed assets.

The repayment of the lease liability is presented as other non-current liabilities. The liability is reduced with lease payments after deduction of interest expense.

**Note 6 Accounts receivable - Accounts Payable**

| | **Accounts receivable** | | **Other receivables** | |
|---|---|---|---|---|
| | **2022/2023** | 2021/2022 | **2022/2023** | 2021/2022 |
| Group companies | **23,796,670** | 9,803,211 | **19,783** | 19,783 |
| External | **62,298,240** | 36,255,016 | **-** | - |
| **Total** | **86,094,910** | 46,058,227 | **19,783** | 19,783 |

| | **Accounts payable** | | **Other current liabilities** | |
|---|---|---|---|---|
| | **2022/2023** | 2021/2022 | **2022/2023** | 2021/2022 |
| Group companies | **48,446,223** | 50,037,823 | **-** | - |
| External | **788,307** | 1,781,267 | **-** | - |
| **Total** | **49,234,530** | 51,819,091 | | - |

**Note 7 Income tax expense**

**Specification of income tax expense:**

| | **2022/2023** | 2021/2022 |
|---|---|---|
| Current income tax expense | **-** | - |
| Changes in deferred tax | **1,538,109** | -15,667,568 |
| Effect of changes in tax rules | **-** | - |
| **Tax on ordinary profit/(loss)** | **1,538,109** | -15,667,568 |

**Specification of tax payable**

| | **2022/2023** | 2021/2022 |
|---|---|---|
| Current year income tax payable | **-** | - |
| Income tax payable for previous years (refer note i) | **-** | 3,516,585 |
| Prior year adjustments | **-** | - |
| **Current income tax payable in Balance Sheet** | | 3,516,585 |

Specification of the tax effect of temporary differences and losses carried forward:

| | **2022/2023** | | 2021/2022 | |
|---|---|---|---|---|
| | **Benefit** | **Liability** | Benefit | Liability |
| Fixed assets | **821,174** | **-** | 725,510 | - |
| Receivables | **-** | **-** | - | - |
| Current liabilities | **-** | **-** | - | - |
| Non-current liabilities | **-** | **-** | - | - |
| Leases | **-** | **-41,121** | - | -185,715 |
| Tax loss c.f. | **13,802,574** | **-** | 15,580,940 | - |
| **Total** | **14,582,627** | | **16,120,735** | |

Reference is made to note 12 regarding acquisition from Tech Mahindra Limited. The Company has taken over the tax positions of the branch, including a tax loss carry forward of NOK 76.8 million.

**Note 8 Equity transactions**

| | Share capital | Other paid-in equity | Other equity | Total equity |
|---|---|---|---|---|
| Equity at 1 April 2022 | 30,000 | - | 32,117,336 | 32,147,336 |
| Profit/(loss) of the year | - | - | 5,457,489 | 5,457,489 |
| Capital increase not yet registered | - | - | 163,000,000 | 163,000,000 |
| **Equity at 31 March 2023** | **30,000** | **-** | **200,574,825** | **200,604,825** |

| **This year's change in equity:** | **Share capital** | **Other paid-in equity** | **Other equity** | **Total equity** |
|---|---|---|---|---|
| Equity at 1 April 2021 | 30,000 | - | 10,846,063 | 10,876,063 |
| Profit/(loss) of the year | - | - | 21,271,274 | 21,271,274 |
| Capital increase not yet registered | - | - | - | - |
| **Equity at 31 March 2022** | **30,000** | **-** | **32,117,336** | **32,147,336** |

**Note 9 – New Business**

During the year the company has signed MSA with a Customer in Nordics to manage their entire IT (Infrastructure),HR and F&A including workplace services,

service desk, SIAM, Apps rationalization, Network/Security while developing the digital backbone of customer.

The MSA is of 10 Years duration with expected revenue flow of NOK 2.4 bn over 10 years.

Along with MSA the company has signed Asset Purchase agreement for NOK 210 mn to purchase open contracts related to business, all books, records, files and papers necessary for or exclusively used in connection with the Business. This amount has been amortised over the period of 10 years in equal instalments by debiting revenue. The unutilised balance as on 31 March is NOK 198 mn.The payment of this Asset Purchase Agreement is made in 4 equal tranches, the 4th Tranche is due on 17th April, 2023 amounting to NOK 52.5 mn

**Note 10 Bank deposits**

Bank deposits, cash etc. include restricted tax deduction funds of NOK 1,511,078.26 (March 2022: NOK 1,235,675.43 ).

**Note 11**

Previous year numbers have been re-grouped or re-classified as required.

**Note 12 – Acquisition from Tech Mahindra Limited**

In 2021 Tech Mahindra Limited decided to discontinue the activities in the Norwegian branch. The employees and the business was taken over by Tech Mahindra Norway AS, and with effect from 1 April 2021 the Company also concluded an asset purchase agreement with Tech Mahindra Limited to buy the assets and liabilities of the Norway branch. The assets acquired consisted mainly of cash, current assets and some short term liabilities.

The consideration paid was NOK 10.5 million. The tax position of the Norway branch is taken over by Tech Mahindra Norway AS.

# TECH MAHINDRA SWEDEN AB

**Unaudited Financial Statement for the year ended 31st March 2023**

**Board of Directors**

Mr. Gaurav Gupta

Mr. Rajesh Premraj Barwal

Mr. Niraj Akhouri

**Registered Office**

Waterfront Building, Klarabergsviadukten 63

113 29 STOCKHOLM, Sweden.

**Bankers**

Citibank Plc

# BOARD OF DIRECTORS REPORT

The Board of Directors of Tech Mahindra Sweden AB, Stockholm, hereby issue the Annual Report for the financial year 2022-04-01 to 2023-03-21.

The annual reports are stated in Swedish Kronor (SEK) and refer to the individual company Tech Mahindra Sweden AB.

**Directors**

The directors who served during the year were Mr. Gaurav Gupta and Mr. Rajesh Premraj Barwal and Mr Niraj Akhouri.

**General Information about the business:**

The company's business activities focus on providing consulting technology and outsourcing services to all the sectors.

In general, the company renders services to its parent company under Service Provider agreement. This form of transactions implies that the contracts are concluded between the parent company and the end customer. Sweden AB thereby acts as a sub-contractor for the parent company and does not bear any risks. The compensation for such services rendered is based on the reimbursement of cost incurred plus a mark-up.

The company's registered office is in Stockholm, Sweden.

**Multi-year comparison***

The amounts in Multi-year comparison are shown in KSEK

| | 2022/2023 | 2021/2022 | 2020/2021 | 2019/2020 |
|---|---|---|---|---|
| Net sales | 85,988 | 39,634 | 20,193 | 43,020 |
| Profit/loss after financial items | 4,867 | 2,243 | 1,148 | 2,452 |
| Balance sheet total | 84,427 | 17,855 | 12,526 | 11,667 |
| Equity-assets ratio (%) | 69.28 | 57.01 | 67.23 | 64.55 |

*For definitions of key ratios, please see notes

**Terms of ownership**

Tech Mahindra Sweden AB, is a wholly owned subsidiary of Tech Mahindra Limited, CIN Number: L64200MH1986PLC041370. The entire share capital of the company is held by Tech Mahindra Limited (www.techmahindra.com), having its registered office at Gateway Building, Apollo Bunder, Mumbai 400 001, India.

**Significant events**

During the year the parent company, Tech Mahindra Limited has subscribed for additional 625 share of 100 SEK each along with share premium. Total amount of subscription is SEK 12.5 MN.

Also, Tech Mahindra Limited has made share application for SEK 32 MN which is pending for allotment.

During the year there has been addition to employee head count by 71. This is mainly due to transfer of employee because of new business acquisition.

**Change in Equity**

The comparative change in equity during the year under review vis-à-vis the previous year is given below:

**2022-23:**

| | Share capital | Share premium | Unrestricted equity | Non-restricted equity |
|---|---|---|---|---|
| Opening amount | 50,000 | | 10,129,567 | 10,179,567 |
| Profit for the year | | | 3,817,277 | 3,817,277 |
| Addn during year | 62,500 | 44,437,500 | | 44,500,000 |
| Closing amount | 112,500 | 44,437,500 | 13,946,844 | 58,496,844 |

**Appropriation of profit/loss**

Proposed treatment of the company’s profit

| | |
|---|---|
| At the disposal of the general meeting: | |
| profit brought forward | 10,129,567 |
| profit for the year | 3,817,277 |
| Share premium – Addn during the year | 44,437,500 |
| The board of directors proposes the following: | 58,384,344 |
| to be carried forward | 58,384,344 |

For information about the company’s earnings and financial position in other respects, please refer to the income statements, balance sheets and accompanying notes set out below.

Stockholm
Date: 24-June-2023

**Gaurav Gupta**
Director

**Rajesh Premral Barwal**
Managing Director/Chairman

**Niral Akhori**
Director

# INCOME STATEMENT

| Note | Particulars | 31-03-2023 (SEK) | 31-03-2022 (SEK) |
|---|---|---|---|
| | **OPERATING INCOME** | | |
| | Net turnover | **85,988,445** | 39,633,640 |
| | Other income | **-887,988** | - |
| | Total income | **85,100,457** | 39,633,640 |
| | **OPERATING EXPENSES** | | |
| 2 | Personnel costs | **70,210,909** | 36,055,209 |
| | Sub Contracting Costs | **7,331,457** | - |
| | Depreciation and amortisation | **-** | - |
| | Other operating expenses | **2,690,820** | 1,335,018 |
| | **Total operating expenses** | **80,233,186** | 37,390,227 |
| | **Operating profit/(loss)** | **4,867,271** | 2,243,413 |
| | Profit/loss from financial items | | |
| | Interest expense to group companies | **-** | - |
| | **Profit from financial items** | **-** | - |
| | **Profit/(loss) before taxation** | **4,867,271** | 2,243,413 |
| | Tax on profit for the year | **1,049,994** | 485,553 |
| | **Profit/(loss) on ordinary activities** | **3,817,277** | 1,757,860 |
| | **PROFIT/(LOSS) FOR THE FINANCIAL YEAR** | **3,817,277** | 1,757,860 |

# BALANCE SHEET FOR THE YEAR ENDED MARCH 31, 2023

| NOTE | ASSETS | 31-03-2023 (SEK) | 31-03-2022 (SEK) |
|---|---|---|---|
| | **Tangible fixed assets** | | |
| 4 | Equipment,Tools,Fixtures and fittings | **4** | 4 |
| | Total tangible fixed assets | **4** | 4 |
| | **Current assets** | | |
| | **Current Receivables** | | |
| | Receivable from group companies | **23,107,490** | 4,059,596 |
| | Current asset | **1,234,564** | 2,957 |
| | Current tax asset | **3,573,274** | 3,323,550 |
| 5 | Other receivable | **35,697,952** | 1,315,286 |
| | **Total receivables** | **63,613,280** | 8,701,389 |
| | **Cash & cash equivalent** | **20,813,726** | 9,153,163 |
| | **Total current assets** | **84,427,006** | 17,854,552 |
| | **TOTAL ASSETS** | **84,427,010** | 17,854,556 |

# BALANCE SHEET FOR THE YEAR ENDED MARCH 31, 2023

| NOTE | ASSETS | 31-03-2023 (SEK) | 31-03-2022 (SEK) |
|---|---|---|---|
| | **Shareholders equity** | | |
| | **Restricted equity** | | |
| 3 | Share Capital | **112,500** | 50,000 |
| | Other Equity | **44,437,500** | - |
| | **Total paid-in capital** | **44,550,000** | 50,000 |
| | **Non-restricted equity** | | |
| | Profit or loss carried forward | **10,129,567** | 8,371,707 |
| | Profit for the year | **3,817,277** | 1,757,860 |
| | **Total shareholders equity** | **58,496,844** | 10,179,567 |
| | **Current liabilities** | | |
| | Liabilities to group companies | **191,182** | 43,137 |
| | Accrued expenses & deferred income | **25,738,984** | 7,631,852 |
| | **Total current liabilities** | **25,930,166** | 7,674,989 |
| | **Total liabilities** | **25,930,166** | 7,674,989 |
| | **TOTAL SHAREHOLDERS EQUITY AND LIABILITIES** | **84,427,010** | 17,854,556 |

## Notes to the accounts for the year ended 31 March 2023

### Note 1 Accounting policies

The financial statements have been prepared in accordance with the Annual Accounts Act and general advice from Swedish Accounting Standards Board BFNAR 2012:1 Annual accounts and consolidated accounts.

The policies are unchanged compared with the previous year.

**Revenue recognition**

Revenue relates to income from sub-contracting activities relating to rendering of IT services on behalf of the Parent Company 'Tech Mahindra Limited'.

Revenue is recognised on the basis of reimbursement of costs incurred plus markup.

Revenue is measured at the fair value of the consideration received or receivable.

**Receivables**

Receivables are recorded in the amounts at which they are expected to be received.

**Other assets, provisions & liabilities**

Other assets, provisions & liabilities are recorded at cost of acquisition unless otherwise stated below.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and bank balances which are recognised at nominal value.

**Tangible Fixed Assets**

Tangible Fixed Assets are recorded at cost of acquisition less accumulated depreciation and any write downs.

The assets are depreciated on straight line basis over the estimated useful life apart from land, which is not depreciated.

The useful life is reviewed at every balance sheet date. The useful life of computers and laptops is 3 years.

**Other expenses**

Other expenses are recognised in the same period as the revenue to which they relate.

**Income taxes**

Current tax is income tax for the current financial year that refers to the year's taxable earnings.

Current tax is stated at the probable amount according to the tax rates and tax rules applicable on the Balance Sheet date.

**Foreign currency translation**

Monetary receivables and liabilities in foreign currencies have been restated at the closing rate.

Exchange differences arising on settlement or restatement of monetary items are recognised in the income statement in the financial year in which they occur, either as an operating item or a financial item, on the basis of the underlying business transaction.

**Note 2 Personnel costs**

**Number of employees, benefits, loan to employees etc.**

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| **Average number of employees:** | **95** | 24 |
| The average number of employees is based on hours worked related to normal working hours paid for by the company. | | |
| **Payroll costs** | **2022/2023** | 2021/2022 |
| Wages and salaries | **44,010,612** | 20,957,143 |
| Social security tax | **14,016,501** | 6,887,236 |
| Pension costs | **8,241,614** | 5,336,961 |
| Other benefits | **3,942,181** | 2,873,869 |
| **Total** | **70,210,909** | 36,055,209 |

**Note 3 Share capital and shareholder information**

The share capital in the company at 31 March 2023 consists of the following classes:

**Ownership structure**

All shares are owned by Tech Mahindra Limited

| | | **Ownership share** | Voting share |
|---|---|---|---|
| Tech Mahindra Limited | SEK 112,500 | **100%** | 100% |
| Face value per share | SEK 100 | | |
| Total number of shares | 1,125 | **100%** | 100% |

Tech Mahindra Sweden AB, is a wholly owned subsidiary of Tech Mahindra Limited, CIN number: L64200MH1986PLC041370 The entire share capital of the company is held by Tech Mahindra Limited (www.techmahindra.com), having its registered office at Gateway Building, Apollo Bunder, Mumbai 400 001, India.

During the year the parent company, Tech Mahindra Limited has subscribed for additional 625 share of 100 SEK each along with share premium. Total amount of subscription is SEK 12.5 MN.

Also, Tech Mahindra Limited has made share application for SEK 32 MN which is pending for allotment.

**Note 4 Tangible fixed assets**

| | **2022/2023** | 2021/2022 |
|---|---|---|
| Opening cost of acquisition | **26,222** | 26,222 |
| Additions | **-** | - |
| Closing accumulated cost of acquisition | **26,222** | 26,222 |
| Opening depreciation | **-26,218** | -18,935 |
| Depreciation for the year | **-** | -7,283 |
| Closing Accumulated depreciation | **-26,218** | -26,218 |
| **Balance at 31 March** | **4** | 4 |

**Note 5 Other receivables**

| | **2022/2023** | 2021/2022 |
|---|---|---|
| VAT balances | **-** | 1,323,371 |
| Other advances | **-843,618** | -8,085 |
| Unbilled Receivable - InterCo | **36,541,571** | - |
| **TOTAL** | **35,697,952** | 1,315,286 |

**Note 6 Previous year comparatives**

Previous year amounts have been reclassified wherever necessary, to conform to current year presentation.

**DEFINITIONS OF BUSINESS AND FINANCIAL RATIOS**

| | **2022/2023** | 2021/2022 |
|---|---|---|
| Equity-assets ratio | **69.29%** | 57.01% |

AdIusted equity as a percentage of the balance sheet total

**Note 7 Related party transactions**

Tech Mahindra Limited

| | **2022/2023** | 2021/2022 |
|---|---|---|
| Net turnover | **85,988,445** | 39,633,640 |
| Receivable from group companies | **23,107,490** | 4,059,596 |
| Liabilities to group companies | **191,182** | 43,137 |

Stockholm
Date: 24-June-2023

**Gaurav Gupta**
Director

**Ralesh Premral Barwal**
Managing Director/Chairman

**Niral Akhori**
Director

# PERIGORD ASSET HOLDINGS LIMITED

**Directors and other information**

**Directors**
Alan Leamy
Vikram Nair
Mahesh Lalgudi Rajamani

**Company secretary**
Paul Leamy

**Registered office and business address**
Unit 1
Lyncon Court
IDA Business and Technology Park
Snugborough Road
Blanchardstown

**Auditors**
KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

**Bankers**
Ulster Bank
College Green
Dublin 2

**Solicitors**
Sherlock Law
Unit 5
Ground Floor
Block F
Nutgrove Office Park
Rathfarnham
Dublin 14

**Registered number**
560030

# DIRECTORS' REPORT

The directors present their report and the audited financial statements for Perigord Asset Holdings Limited ("the company") for the financial year ended 31 March 2023.

**Principal activity and future developments**

The principal activity of the company is that of an immediate holding company of certain Perigord trading entities. Following an acquisition in March 2021, the company is a controlled subsidiary of the Tech Mahindra Group, a publicly limited technologies company listed on the Bombay stock exchange. Prior to Mahindra Engineering Services (Europe) Limited acquiring a majority stake, the company was controlled jointly by Alan Leamy and Paul Leamy through their holding company Locarno Investments Limited. After the acquisition both Alan Leamy and Paul Leamy retained a minority interest holding in the company.

The company plans to continue its present activities and does not anticipate a change in the foreseeable future.

**Results and dividends**

The company generated a loss for the financial year of €238,713 (2022: €732,037). The directors do not recommend payment of a dividend (2022: €Nil). At the end of the financial year, the company has net assets of €30,667,547 (2022: €30,873,617).

**Directors and secretary and their interests**

The directors who served throughout the financial year, except as noted, were as follows:

Alan Leamy
Vikram Nair
Vipin Gudwani (Resigned 19.12.22)
Mahesh Lalgudi Rajamani (Appointed 19.12.22)

The secretary who served throughout the financial year was Paul Leamy. In accordance with the company's constitution, the directors are not required to retire by rotation. After the acquisition both Alan Leamy and Paul Leamy own a minority holding in Perigord Asset Holding Limited through Locarno Investments Limited of 63,470 A ordinary shares at 31 March 2023 (2022: 95,206 A ordinary shares).

There are no other disclosable interests in the shareholding of the company or the group that are required to be made under the Companies act, 2014.

**Post balance sheet events**

There have been no significant events affecting the company since the balance sheet date that would require adjustment to or disclosure in these financial statements.

**Political contributions**

The company did not make any disclosable political donations in the current financial year (2022: €Nil).

**Accounting records**

To ensure that adequate accounting records are kept in accordance with sections 281 to 285 of the Companies Act 2014, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The accounting records are located at the company's office at Unit 1, Lyncon Court, IDA Business and Technology Park, Snugborough Road, Blanchardstown.

**Disclosure of information to auditor**

Each person who is a director at the date of approval of this report confirms that:

- there is no relevant audit information (information needed by the company's auditor in connection with preparing the auditor's report) of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Auditors**

Pursuant to Section 383(2) of the Companies Act 2014, the auditor, KPMG, Chartered Accountants, will continue in office.

On behalf of the board

| | | |
|---|---|---|
| **Alan Leamy** | **Vikram Nair** | 21 June 2023 |
| Director | Director | |

# STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

On behalf of the board

| | |
|---|---|
| **Alan Leamy** | **Vikram Nair** |
| Director | Director |

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERIGORD ASSET HOLDINGS LIMITED

**Opinion**

We have audited the financial statements of Perigord Asset Holdings Limited ("the Company") for the year ended 31 March 2023, which comprise the statement of profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued in the United Kingdom by the Financial Reporting council.

In our opinion:

— the financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at 31 March 2023 and of its loss for the year then ended;

— the financial statements have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and

— the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The directors are responsible for the other information presented in the directors' report together with the financial statements. The other information comprises the information included in the directors' report . The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information, we report that:

— we have not identified material misstatements in the directors' report;

— in our opinion, the information given in the directors' report is consistent with the financial statements;

— in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

**Opinions on other matters prescribed by the Companies Act 2014**

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

**Matters on which we are required to report by exception**

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

**Respective responsibilities and restrictions on use**

**Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the 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 ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in- Ire/Description-of-the-auditor-s-responsibilities-for

**The purpose of our audit work and to whom we owe our responsibilities**

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

22 June 2023

**Ronan Gilmartin**

**for and on behalf of**

**KPMG**

**Chartered Accountants, Statutory Auditor**

1 Stokes Place

St. Stephen's Green

Dublin 2

# BALANCE SHEET

**as at 31 March 2023**

| | Note | **2023** | 2022 |
|---|---|---|---|
| | | **€** | € |
| **Fixed assets** | | | |
| Investments in subsidiary undertakings | 8 | **31,443,485** | 31,443,485 |
| | | **31,443,485** | 31,443,485 |
| **Current assets** | | | |
| Debtors | 9 | **3,071,646** | 2,678,171 |
| Cash and cash equivalents | | **35** | 198,167 |
| | | **3,071,681** | 2,876,338 |
| **Creditors**: amounts falling due within one year | 10 | **(400,480)** | (119,067) |
| **Net current assets** | | **2,671,201** | 2,757,271 |
| **Total assets less current liabilities** | | **34,114,686** | 34,200,756 |
| **Creditors**: amounts falling due after more than one year | 11 | **(3,447,139)** | (3,327,139) |
| **Net assets** | | **30,667,547** | 30,873,617 |
| **Capital and reserves** | | | |
| Share capital | 13 | **4,474** | 4,426 |
| Share premium | 14 | **2,987,890** | 2,955,295 |
| Retained earnings | 14 | **27,675,183** | 27,913,896 |
| **Equity attributable to owners of the company** | | **30,667,547** | 30,873,617 |

On behalf of the board

| | | |
|---|---|---|
| **Alan Leamy** | **Vikram Nair** | 21 June 2023 |
| Director | Director | |

# STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

**for the year ended 31 March 2023**

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | **€** | € |
| **Turnover** | | **520,454** | - |
| **Gross profit** | | **520,454** | - |
| Administrative expenses | | **(639,167)** | (612,037) |
| **Operating loss** | 4 | **(118,713)** | (612,037) |
| Interest payable and similar expenses | 5 | **(120,000)** | (120,000) |
| **Loss before taxation** | | **(238,713)** | (732,037) |
| Tax expense | 7 | **-** | - |
| **Loss for the financial year** | | **(238,713)** | (732,037) |
| Other comprehensive income | | - | - |
| **Total comprehensive loss for the year** | | **(238,713)** | (732,037) |

The Notes form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

**for the year ended 31 March 2023**

| | Share capital | Share premium | Retained earnings | Total |
|---|---|---|---|---|
| | € | € | € | € |
| **At 1 April 2021** | **4,390** | **2,930,849** | **28,645,933** | **31,581,172** |
| Loss for the financial year | - | - | (732,037) | (732,037) |
| Other comprehensive income for the year | - | - | - | - |
| **Total comprehensive loss for the year** | **-** | **-** | **(732,037)** | **(732,037)** |
| Movements recorded directly in equity: | | | | |
| Proceeds from the issue of ordinary shares | 36 | 24,446 | - | 24,482 |
| **At 31 March 2022** | **4,426** | **2,955,295** | **27,913,896** | **30,873,617** |
| Loss for the financial year | - | - | (278,713) | (278,713) |
| Other comprehensive income for the year | - | - | - | - |
| **Total comprehensive loss for the year** | **-** | **-** | **(278,713)** | **(278,713)** |
| Movements recorded directly in equity: | | | | |
| Proceeds from the issue of ordinary shares | 48 | 32,595 | - | 32,643 |
| **At 31 March 2023** | **4,474** | **2,987,890** | **27,635,183** | **30,627,547** |

**Notes**

**1 General information**

Perigord Asset Holdings Limited ("the Company") is a company limited by shares incorporated in the Republic of Ireland. Unit 1, Lyncon Court, IDA Business and Technology Park, Snugborough Road, Blanchardstown is the registered office, which is also the principal place of business of the company. The nature of the company's operations and its principal activities are set out in the directors' report. The financial statements have been presented in Euro (€) which is also the functional currency of the company.

**2 Summary of significant accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

**Statement of compliance**

The financial statements of the company for the year ended 31 March 2023 have been prepared in accordance with the provisions of FRS 102 Section 1A (Small Entities) and the Companies Act 2014. The company qualifies as a small company as defined by section 280B of the Companies Act 2014 in respect of the financial year, and has applied the rules of the 'Small Companies Regime' in accordance with Section 280C of the Companies Act 2014 and Section 1A of FRS 102.

**Basis of preparation**

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). There have been no material departures from that standard. The functional currency of the company and the presentation currency of these financial statements is in Euro. All amounts in the financial

statements have been rounded to the nearest €1,000.

**Going concern**

The directors are satisfied that the group has sufficient cash reserves to meet all obligations as they fall due and the financial statements have been prepared on a going concern basis.

**Consolidated accounts**

The company is entitled to the exemption provided for in Section 300 of the Companies Act 2014 from the obligation to prepare group accounts.

**Cash flow statement exemption**

The company has availed of the exemption contained in Section 1A of FRS 102 and as a result have elected not to prepare a cash flow statement or its related notes.

**Turnover**

Turnover comprises the invoice value of services supplied by the company, exclusive of trade discounts and value added tax.

**Classification of financial liabilities and equity instruments**

In accordance with FRS 102, financial instruments issued by the company are treated as equity (i.e. forming part of the shareholders' funds) only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account excludes amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges.

Issued preference share capital that is deemed to represent a contractual obligation to deliver cash or another asset to another entity, is treated as financial liability and, accordingly, is included in either current or long term liabilities in the balance sheet. Unpaid dividends in respect of these instruments are included as creditors due after more than one year until they are paid. Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contracted arrangement.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction cost.

**Investments in subsidiaries**

The company holds investments in subsidiaries at cost less impairment.

**Trade and other debtors**

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases the receivables are stated at cost less impairment losses for bad and doubtful debts.

**Trade and other creditors**

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest rate method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

**Share-based payments**

The company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the company's estimate of the shares that will eventually vest.

**Taxation and deferred taxation**

Current tax represents the amount expected to be paid or recovered in respect of taxable profits for the financial year and is calculated using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax in the future, or a right to pay less tax in the future. Timing differences are temporary differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured on an undiscounted basis at the tax rates that are anticipated to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Impairment excluding stocks (investment properties) and deferred tax assets**

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through the profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impairment asset continues to be recognized on the net carrying amount. For Financial instruments measured at cost less impairment the impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Impairment losses are recognized in profit or loss. When a subsequent event causes the amount of the impairment loss to decrease, the decrease in impairment loss is reversed through the profit or loss.

**Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rates of exchange ruling at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The resulting exchange differences are dealt with in the Profit and loss account.

**Ordinary share capital**

The ordinary share capital of the company is presented as equity.
The preference share capital of the company is presented as interest bearing debt.

## 3 Turnover

The company generated turnover of €520,454 (2022: €Nil) in respect of management services provided to fellow group undertakings during the year.

## 4 Operating loss

| | 2023 | 2022 |
|---|---|---|
| | € | € |
| Operating loss is stated after charging/(crediting): | | |
| Net loss/(gain) on foreign exchange | **76** | (30) |

## 5 Interest payable and similar expenses

| | 2023 | 2022 |
|---|---|---|
| | € | € |
| Interest on shares classified as financial liabilities | **120,000** | 120,000 |

## 6 Employees and directors' remuneration

(a) The average monthly number of employees, including directors, during the financial year was 2,(2022: 2).

| | 2023 | 2022 |
|---|---|---|
| | Number | Number |
| Management | **2** | 2 |

(b) Details of employee expense during the year is as follows:

| | 2023 | 2022 |
|---|---|---|
| | € | € |
| Wages and salaries | **365,133** | 356,177 |
| Employers social security | **675** | 12,205 |
| Pension contributions | **54,011** | 52,651 |
| Other remuneration | **145,000** | - |
| | **564,819** | 421,033 |

| (c) Directors' remuneration | 2023 | 2022 |
|---|---|---|
| | € | € |
| Emoluments | **165,000** | 180,000 |
| Pension contributions | **30,631** | 30,631 |
| | **195,631** | 210,631 |

## 7 Taxation

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Current tax | | |
| Corporation tax | **-** | - |
| Under/(over) provision in prior year | **-** | - |
| **Total current tax** | **-** | - |
| Deferred tax | | |
| Origination and reversal of timing differences | **-** | - |
| Total deferred tax | **-** | - |
| **Tax charge** | **-** | - |

The tax assessed for the financial year differs from the standard rate of corporation tax in the Republic of Ireland 12.5% (2022: 12.50%). The differences are explained below:

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Loss before tax | **(238,713)** | (732,037) |
| Loss before tax multiplied by the standard rate of | | |
| Corporation tax in the Republic of Ireland at 12.5%. | **(29,839)** | (91,505) |
| Effects of: | | |
| Expenses not deductible | **15,000** | 15,000 |
| Timing differences in pension allowances | **(2,422)** | (20,547) |
| Losses surrendered under group relief | **17,261** | 97,502 |
| **Total tax charged for the financial year** | **-** | - |

The company holds an unrecognised deferred tax asset of €74,630 (2022: €77,052) as at 31 March 2023.

## 8 Investments

| | **Subsidiary undertakings shares** | **Total** |
|---|---|---|
| Held at cost | **€** | **€** |
| **As at 31 March 2023 and 31 March 2022** | **31,443,485** | **31,443,485** |

**Holdings in related undertakings**

The company holds the share capital of the following companies:

| Name | Registered office/principal place of business and address of registered office | Nature of business | Details of investment | Proportion held by company |
|---|---|---|---|---|
| **Subsidiary undertaking** | | | | |
| Perigord Premedia Limited | Unit 1, Lyncon Court Blanchardstown, Ireland | Artwork & Outsource Services | Ordinary Shares | 100% |
| Perigord Data Solutions Limited | Unit 1, Lyncon Court Blanchardstown, Ireland | Software Development & sales | Ordinary Shares | 100% |
| Perigord Premedia USA, Inc | 4 Pin Oak Drive, Branford CT 06405, USA | Artwork & Outsource Services | Ordinary Shares | 100% |
| August Faller Artwork Solutions Gmbh | Fabrik Sonntag 4b, 79183 Waldkirch, Germany | Artwork & Outsource Services | Ordinary Shares | 100% |

The directors have performed a review of the carrying value of investments in subsidiaries at the balance sheet date and are satisfied that no impairment charge is required in the current year (2022:€Nil).

| 9 **Debtors** | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Amounts owed by group undertakings | **2,988,486** | 2,678,171 |
| Other debtors | **392** | - |
| Prepayments | **82,768** | - |
| | **3,071,646** | 2,678,171 |

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

| 10 **Creditors**: amounts falling due within one year | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Trade creditors | **80,611** | 21,853 |
| Taxation | **117,509** | 21,050 |
| Accruals | **202,360** | 76,164 |
| | **400,480** | 119,067 |

| 11 **Creditors**: amounts falling greater than one year | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Shares classified as financial liabilities | **3,327,139** | 3,207,139 |
| Accrued dividends | **120,000** | 120,000 |
| | **3,447,139** | 3,327,139 |

On the 15 March 2021, Mahindra Engineering Services (Europe) Limited acquired a majority stake in Perigord Asset Holding Ltd. As part of this deal structure Mahindra Engineering Services (Europe) Limited also acquired the 4% Cumulative Preference shares held by the Development Capital Fund which remain outstanding at the reporting date.

The 3,000,000 4% CCRP shares of €1.00 each in the capital of the company are held subject to the constitution and shareholders' agreement. There are no other rights attaching to same.

## 12 Share-based payments

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Administrative expenses | **-** | - |

In November 2018 the company issued share options to employees which are held in an ESOP. All options had fully vested by the commencement of the financial year. Below are details of options in issue not yet exercised as at 31 March 2023:

| | **2023** | 2022 |
|---|---|---|
| | **Number** | Number |
| Options outstanding at beginning of year | **14,507** | 18,134 |
| Options granted during the year | **-** | - |
| Options exercised during the year | **(4,836)** | (3,627) |
| **Options exercisable at end of the year** | **9,671** | 14,507 |

## 13 Called up share capital

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| **Authorised share capital** | | |
| 10,000,000 ordinary shares of €0.01 each | **10,000,000** | 10,000,000 |
| **Allotted, called up and fully paid** | | |
| 280,992 ordinary shares of €0.01 each | **2,810** | 2,810 |
| 166,477 (2022: 161,641) A ordinary shares of €0.01 each | **1,664** | 1,616 |
| 4% Cumulative convertible redeemable preference shares | **3,000,000** | 3,000,000 |
| | **3,004,474** | 3,004,426 |
| Less – amounts presented as liabilities | **(3,000,000)** | (3,000,000) |
| **Issued share capital presented as equity** | **4,474** | 4,426 |

During the year, pursuant to the terms of the ESOP, 4,836 A ordinary shares of €0.01 each were issued.

Whereas the holders of ordinary shares carry voting rights, the holders of A ordinary shares and preference shares whilst entitled to attend general meetings do not carry voting rights. Subject to the company having sufficient profits, before the application of profits for any other purpose, the company shall pay a fixed 4% dividend of the issue prie per convertible share to the holder. Any dividend declared after this shall be distributed in a pro rata basis between the holders of each share class to which a dividend has been declared. In the event of a liquidation, following the payment in full of preference shares, the remaining assets of the Company legally available for distribution shall be applied in repayment to the holders of Ordinary shares and A Ordinary shares.

## 14 Reserves

### (a) Share-premium account

The share premium reserve of €2,930,849 consists of €251,948 which is the premium that arose on the reconstruction of the group of companies. The premium of €2,416,000, which arose from the

issue of ordinary share capital to the Development Capital Fund. In 2022 and 2023 there was further share premia in respect to share options exercised by the employees.

**(b) Profit and loss account**

The profit and loss account reflects the cumulative retained earnings of the company as at the reporting date

**15 Capital commitments**

The company had no material capital commitments at the financial year-ended 31 March 2023 (2022: €Nil).

**16 Related party transactions**

The company has availed of the exemption under FRS 102 in relation to the disclosure of transactions with group undertakings.

**17 Parent and ultimate parent company**

The company regards Mahindra Engineering Services (Europe) Limited as its immediate parent company. The company's ultimate parent undertaking is Tech Mahindra Limited. The address of Tech Mahindra Limited is Gateway Building, Apollo Bunder, Mumbai 400001, Maharashtra, India. Tech Mahindra Limited is regarded as both the controlling party and the ultimate controlling party. The parent of the largest group in which the results are consolidated is Tech Mahindra Limited Tech Mahindra Limited is registered in India.

**18 Post balance sheet events**

There have been no significant events affecting the company since the balance sheet date that would require adjustment to or disclosure in these financial statements.

**19 Approval of financial statements**

The financial statements were approved and authorised for issue by the board of directors on 21 June 2023.

# PERIGORD PREMEDIA USA INC.

**CORPORATE INFORMATION**

**Board of Directors**

Mr. Michael Fleming
Mr. Anthony O'Brien
Mr. Alan Leamy
Mr.Paul Leamy

**Bankers**

Bank of America

**Registered Office**

4 Pin Oak Drive, Branford, CT, 06405

# INDEPENDENTAUDITOR'SREPORT

To the Board of Directors
Perigord Premedia USA,Inc.
Branford, Connecticut

**Opinion**

We have audited the accompanying financial statements of Perigord Premedia USA,Inc. (a Connecticut corporation)which comprises the balance sheet as of March 31, 2023, and the related statements of income, accumulated earnings and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Perigord Premedia USA,Inc. as of March 31, 2023, and the results of its operations and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Perigord Premedia USA, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement,whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate that raise substantial doubt about Perigord Premedia USA,Inc. ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists .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. Misstatements are considered material if there is a substantial likelihood that,individually or in the aggregate they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards,we:

- Exercise professional judgement and maintain professional skepticism through out the audit.

- Identify and assess the risks of material misstatement of the financial statements,whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances,but not for the purpose of expressing an opinion on the effectiveness of Perigord Premedia USA, Inc. internal control .Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate,that raise substantial doubt about Perigord Premedia USA,Inc. ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Orange, Connecticut May 12, 2023

.Antfi.o”!IOW...A1munziata

PERIGORD PREMEDIA USA, INC.

# BALANCE SHEET

**MARCH31,2023**

| | |
|---|---|
| **ASSETS** | |
| **CURRENT ASSETS** | |
| Cash | **$1,341,776** |
| Accounts receivable,net of allowance | **727,785** |
| Accounts receivable-affiliates | **465,390** |
| Advances to affiliate | **500,000** |
| Prepaid expenses | **29,796** |
| **TOTAL CURRENT ASSETS** | **3,064,747** |
| **PROPERTY AND EQUIPMENT** | |
| **net of accumulated depreciation of $525,804** | **45,448** |
| **OTHER ASSETS** | |
| Goodwill,net of accumulated amortization of$390,880 | **80,087** |
| Deposits | **11,592** |
| **TOTAL OTHER ASSETS** | **91,679** |
| **TOTAL ASSETS** | **$3,201,874** |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | |
| **CURRENT LIABILITIES** | |
| Advances from affilate | **81,670** |
| Accrued expenses | **306,529** |
| **TOTAL CURRENT LIABILITIES** | **388,199** |
| **STOCKHOLDERS' EQUITY** | |
| Common stock, no par value, 5000 shares authorized | |
| 1000 shares issued of which 400 are in treasury | **1,000** |
| Additional paid-in capital | **486,347** |
| Treasury stock @ cost | **(199,105)** |
| Accumulated earnings | **2,525,433** |
| **TOTAL STOCKHOLDERS' EQUITY** | **2,813,675** |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | **$3,201,874** |

The accompanying notes are an integral part of these financial statements, subject to the comments in the independent autitor's report.

# STATEMENTS OF INCOME AND ACCUMULATED EARNINGS

**FOR THE YEAR ENDED MARCH 31, 2023**

| | |
|---|---|
| **NET SALES** | **$3,914,133** |
| **COST OF SALES** | **1,747,242** |
| **GROSS MARGIN** | **2,166,891** |
| **OPERATING EXPENSES** | |
| Selling and administrative expenses | **1,010,132** |
| Interest expenses | **131** |
| **TOTAL OPERATING EXPENSES** | **1,010,263** |
| **NET OPERATING INCOME** | **I,156,628** |
| **OTHER INCOME (LOSS)** | **(189)** |
| **INCOME BEFORE PROVISION FOR INCOME TAXES** | **I, 156,439** |
| **PROVISION FOR INCOME TAXES** | **(338,224)** |
| **NET INCOME** | **818,215** |
| **ACCUMULATED EARNINGS - BEGINNING OF YEAR** | **1,707,218** |
| **ACCUMULATED EARNINGS - END OF YEAR** | **$2,525,433** |

The accompanying notes are an integral part of these financial statements, subject to the comments in the independent autitor’s report.

PERIGORD PREMEDIA USA, INC.

# STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED MARCH 31, 2023**

| | |
|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | |
| **Net Income** | **$818,215** |
| **Adjustments to Reconcile Net Income to** | |
| **Net Cash provided by Operating Activities** | **92,504** |
| Amortization and depreciation | |
| (Increase) Decrease in | |
| **Accounts receivable** | **(212,710)** |
| **Other receivables** | **(277,070)** |
| **Prepaid expenses** | **(13,004)** |
| **Increase (Decrease) in** | |
| **Accounts payable** | **(87,548)** |
| **Accrued expenses** | **(210,143)** |
| **Total adjustment** | **(707,971)** |
| **NET CASH PROVIDED FROM OPERATING ACTIVITIES** | **110,244** |
| **CASH FLOW FROM INVESTING ACTIVITIES** | |
| Purchase of property and equipment, net of retirements | **(24,770)** |
| **NET CASH (USED) FOR INVESTING ACTIVITIES** | **(24,770** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | **)** |
| Payments on capital lease obligations | **(3,304)** |
| Advances from affilate | **55,054** |
| **NET CASH PROVIDED FROM BY FINANCING ACTIVITIES** | **51,750** |
| **NET CASH INCREASE** | **137,224** |
| **CASH - BEGINNING OF YEAR** | **1,204,552** |
| **CASH• END OF YEAR** | **$1,341,776** |
| **SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION** | |
| Interest paid | **$131** |
| Income tax paid | **$503,673** |

The accompanying notes are an integral part of these financial statements, subject to the comments in the independent autitor’s report.

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED MARCH 31, 2023**

## I - NATURE OF OPERATION

Perigord Premedia USA, Inc. (the Company) is a Connecticut Corporation formed in 1979 and operates from its headquarters in Branford, Connecticut. The Company is a wholly owned subsidiary of Perigord Premedia Limited and part of the Perigord Asset Holdings Limited group. The Company provides artwork creation and premedia services in support of commercial and life science industries. On March 15, 2021 Perigord Asset Holdings Limited and all its affiliated companies, entered into a purchase agreement with Tech Mahindra to sell 70% of the outstanding shares of Perigord Asset Holding Limited. Perigord Premedia USA Inc., a wholly owned subsidiary of the group was included in the acquisition.

## 2 - SIGNIFICANT ACCOUNTING POLICIES

### Basis of Accounting

The Company used the accrual method of accounting in connection with these financial statements.

### Impairment of Long-Lived Assets

The company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate to the carrying amount. If the operation is determined to be unable to recover the carrying amount of its assets, then assets are written down first, followed by other long-lived assets of the operation to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. There were no impairment losses recognized for long-lived assets as of March 31, 2023.

**Revenue Recognition -** Revenue recognition is realized usually at the point of sale or as services have been performed and are billable. In general, revenue is recognized when the earnings process is completed. Revenues are recognized when control of these services is transferred to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. The Company does not have any significant financing components as payment is received at or shortly after the point of sale.

**Accounts Receivable -** Accounts receivable are recorded at the amount management expects to collect and are stated net of allowance for doubtful accounts. Management provides for uncollectible amounts through a charge to earnings and a credit to the valuation allowance. At March 31, 2023, the allowance for doubtful account was $12,915.

**Inventories -** Inventories are stated at the lower of cost, determined on a first-in, first-out (FIFO) basis, or market, and consist primarily of work-in-process and supplies for production. At March 31, 2023 there is no inventory that has not been invoiced to the customer.

**Property and Equipment -** The cost of property and equipment is depreciated on the straight-line method over the estimated useful lives of the related assets. Upon sale or retirement, the cost and accumulated depreciation are removed and the realized gain or loss is included in the results of operation. Expenditures for repairs and maintenance are charged to operations as incurred.

**Income Tax -** The Company provides deferred income taxes for temporary differences ansmg principally from the use of different methods of reporting various items for financial accounting and tax purposes.

### Recent Accounting Polices

There has been no change to the Corporation accounting policies as of March 31, 2023 or for the year then ended.

**Use of Estimates -** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures of assets and liabilities at the financial statement date and the reported amounts of revenue and expense during the report period. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents -** The Company considers cash and cash equivalents to be all highly liquid securities with maturities of less than three months.

**Subsequent Events -** Subsequent events have been evaluated through May 12, 2023 which is the date the financial statements were available to be issued.

**Cost of Goods Sold -** Cost of goods sold consists of merchandise costs, including freight costs, labor costs, compensation and benefit expense, allocated overhead and operating expenses

**Selling and Administrative Expenses -** Selling and administrative expenses consist of compensation and benefit expenses. Selling and administrative expenses also include advertising costs, supplies for the office, communication costs, travel and entertainment, and services purchased.

**Advertising -** Advertising costs are charged to operations when incurred.

Fair Values - The carrying amounts reflected in the balance sheet for cash, cash equivalents, loans and notes payable approximate the fair values due to the short maturities of those instruments.

**3 - CONCENTRATIONS OF CREDIT RISK**

Financial instruments which potentially subject the company to a concentration of credit risk principally consist of cash and trade accounts receivable.

The Company maintains its cash in bank deposit accounts which, at times, may exceed Federally insured limits.

The majority of the company's accounts receivable at March 31, 2023 is with customers located in the Northeast. However, management does not believe a significant credit risk exists at March 31, 2023. Generally, the Company does not require collateral to support its accounts receivable.

**4 - LEASING ARRANGEMENTS**

The company leases its operating facilities in Branford, Connecticut from unrelated parties under operating lease agreements expiring through August 31, 2025. Rent expense under this lease was $74,156 for the year ended March 31, 2023.

Future minimum lease payments under non-cancelable operating leases are as follows

| **Year ended March 31** | |
|---|---|
| 2024 | $70,229 |
| 2025 | 70,229 |
| 2026 | 29,262 |
| | **$169,720** |

**5 - PROPERTY AND EQUIPMENT**

Property and equipment with a useful life of more than one year are carried at cost and depreciated using straight-line methods over their estimated useful lives. The assets, estimated useful lives, cost, current year depreciation and accumulated depreciation are as follows:

| **Assets and Estimated Useful Lives** | **Cost** | **Current Year Depreciation** | **Accumulated Depreciation** |
|---|---|---|---|
| Machinery and Equipment 3-7 yrs | $452,227 | $57,560 | $412,977 |
| Leasehold Improvements IO yrs | 55,937 | 1,667 | 49,739 |
| Office Equipment 5-7 yrs | 37,903 | 227 | 37,903 |
| Capital Lease Equipment 3-5 yrs | 25,185 | | 0 |
| | $571,252 | $59,504 | $525,804 |

**6 - RELATED PARTY TRANSACTIONS**

At March 31, 2023, the company had trade receivables and trade payables owed to the foreign entities listed below. The company has advanced to Perigord Premedia Limited $500,000, which are non interest bearing and are due on demand. The company will at various times need to raise capital in order to fund its operations. The Company Shareholder and or affiliated entity has committed to provide sufficient working capital to operate over the next twelve-month period.

| | |
|---|---|
| **Accounts receivable** | |
| Perigord Premedia Limited | $270,690 |
| Perigord Data Solutions Limited | $194,700 |
| **Accounts Payable** | |
| Perigord Premedia Limited | $ 80,096 |
| Perigord Data Solutions Limited | $ 1,574 |
| **Sales** | |
| Perigord Premedia Limited | $617.470 |
| Perigord Data Solutions Limited | $546,098 |
| **Purchases** | |
| Perigord Premedia Limited | $276.368 |
| Perigord Data Solutions Limited | $ 2,892 |

**7 - PENSION PLANS**

The company maintains a 401K plan which is open to substantially all employees. Under the provisions of the plan employees are allowed to contribute between 2% to I0% of their compensation. Matching contributions can be made by the company at the discretion of the board of directors. No employer matching contribution was made for the year ended March 31, 2023.

**8 - INCOME TAX**

The Company follows FASB ASC 740-10, Accounting for Uncertainty in Income Taxes, which provides guidance on accounting for uncertainty in income taxes recognized in the Company's financial statements. The guidance prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of March 31, 2023, the Company had no uncertain tax positions that required either recognition or disclosure in the Company's financial statements. Generally, the tax years before 2019 are no longer subject to examination by Federal or state authorities.

**8 - INCOME TAX (CONTINUED)**

Federal and state income taxes are accrued at year ended in accordance with applicable income tax laws. The income tax provision of the Company consists of the following:

| | |
|---|---|
| Current tax provision | |
| Federal | $220,000 |
| State | 118,224 |
| Total | $338,224 |

Deferred income taxes result from significant temporary differences between income for financial reporting purposes and taxable income. These differences arose principally from the use of accelerated tax depreciation, unifonn capitalization rules for inventory for tax purposes and restrictions on the deductibility of related party and other accruals for tax purposes. At March 31, 2023, the company had insignificant differences resulting from differences in book and tax depreciation. No deferred tax asset or deferred tax benefit has been recorded in the financial statement.

At March 31, 2023, the company utilized the remaining Connecticut state operating loss carryforwards of approximately $207,149. The Company has utilized all of its federal loss carryforwards as well. No additional federal or state operating loss carryforward are remaining.

**9 - GOODWILL**

Goodwill originally amounted to $270,966 acquired on previous asset acquisitions and was being amortized over 40 years until December 31, 2003. In accordance with Statement of Financial Accounting Standards No. 142 amortization was discontinued for all future years up through and including 2014. For years beginning after December 31, 2014 the remaining balance is being amortized over 10 years at $13,000 as required by ASU 2014-02 dated January 2014. The amortization for the year ended March 31, 2023 is $13,000.

Effective November 2016 the company purchased the assets of Phanna International Inc. for $200,000. The intangible assets are being amortized over 10 years as required by ASU 2014-02 dated January 2014. Amortization of the purchased assets amounted to $20,000 for the year ended March 31, 2023.

# INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors:

Perigord Premedia USA, Inc.

Branford, Connecticut

We have audited the financial statements of Perigord Premedia USA, Inc. as of March 31, 2023 and for the year then ended, and our report thereon dated May 12, 2023, which expressed an unmodified opinion on those financial statements, appears on page One. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Cost of Sales on page 12 and the Schedule of Selling and Administrative Expenses on page 13 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Orange, Connecticut

May 12, 2023

PERIGORD PREMEDIA USA, INC.

# SCHEDULE OF COST OF SALES

**FOR THE YEAR ENDED MARCH 31, 2023**

| | |
|---|---|
| **MATERIAL PURCHASE** | $3,299 |
| **DIRECT LABOR** | I,108,357 |
| **OVERHEAD EXPENSES** | |
| Depreciation | 57,190 |
| Freight | 1,750 |
| Insurance | 20,950 |
| Health insurance | 122,520 |
| License Fees | 71,808 |
| Miscellaneous expenses | 13,551 |
| Rent | 59,325 |
| Repairs and maintenance | 16,278 |
| Subcontracting | 161,399 |
| Taxes - payroll | 97,885 |
| Taxes - property | 1,542 |
| Utilities | 11,388 |
| **TOTAL OVERHEAD EXPENSES** | 635,586 |
| **DECREASE IN** | |
| **WORK-IN-PROGRESS INVENTORIES** | |
| **COST OF SALES** | $ 1,747,242 |

# SCHEDULE OF SELLING AND ADMINISTRATIVE EXPENSES

**FOR THE YEAR ENDED MARCH 31, 2023**

| | |
|---|---:|
| Amortization | 33,000 |
| Administration wages | 88,540 |
| Bank charges | 5,731 |
| Computer costs | 46,900 |
| Deprecation | 2,314 |
| Dues and subscriptions | 6,540 |
| General insurance | 5,238 |
| Health insurance | 87,642 |
| Indirect labor | 547,115 |
| Misc expenses | 3,392 |
| Office expenses and postage | 1,731 |
| Professional fees | 70,300 |
| Rent | 14,831 |
| Repairs and maintenance | 4,069 |
| Taxes - payroll | 42,303 |
| Taxes - property | 387 |
| Telephone | 10,810 |
| Travel | 36,442 |
| Utilities | 2,847 |
| | **$ 1,010,132** |

# AUGUST FALLER ARTWORK SOLUTIONS GMBH

**Board of Directors**

Mr. Michael Fleming

**Registered office**

Fabrik  Sonntag 4b 79183
Waldkirch,Germany

**Bankers**

Volksbank Breisgau Nord EG

# REVIEW REPORT OF THE INDEPENDENT AUDITOR

## A. ENGAGEMENT

The management of August Faller Artworks Solutions GmbH (the "Company"), Waldkirch, engaged us to review the annual statutory financial statements as of March 31, 2023, together with the underlying books and records.

The General Engagement Terms for Wirtschaftsprüfer und Wirtschaftsprüfungs- gesellschaften (German Public Auditors and Public Audit Firms) dated January 1, 2017 which are attached to this report are applicable to this engagement and will also govern our relations with third parties in the context of this engagement. In addition, please refer to the liability provisions contained therein no. 9 and to the exclusion of liability towards third parties and the other provisions of the enclosed "Engagement Terms, Liability and Conditions of Use".

This review report is addressed to the Company.

## B. SUBJECT MATTER AND OBJECTIVE OF THE REVIEW

As part of our engagement, we reviewed the accounting records and the annual financial statements - comprising a balance sheet and notes to the financial statements as of March 31, 2023, together with the bookkeeping for the twelve months' period from April 1, 2022 to March 31, 2023 (representing statutory commercial income statement) to determine whether they comply with the relevant legal requirements.

The applicable accounting principles for our review of the annual financial statements were the accounting provisions of sections 242 to 256a and sections 264 to 288 of the German Commercial Code (HGB) and the special provisions of the German Limited Liability Companies Act (GmbH-Gesetz). There are no supplementary accounting provisions from the Articles of Association.

The review comprises a critical appraisal of the financial statements based on plausibility assessments. The objective of a critical review is to obtain a certain level of assurance that the financial statements are free from material misstatement, whether due to fraud or error. A certain level of assurance is achieved when we are satisfied, based on evidence obtained, that the subject matter of the review is plausible in the circumstances.

## C. NATURE AND SCOPE OF THE REVIEW

We conducted our audit in accordance with the generally accepted standards for the review of financial statements (IDW PS 900) promulgated by the German Institute of Certified Public Accountants (IDW).

A review is limited primarily to analytical assessments and inquiries of company personnel. A more extensive review of the information and other evidence obtained is generally only necessary if there is reason to believe that the information submitted for review contains material misstatements or if there is evidence of misstatement or similar indications.

A review is conducted in accordance with the principle of materiality. The assessment of what is considered to be material is subject to our professional judgment.

Our review was based on the annual financial statements as of March 31, 2023 as prepared by the Company. The balance sheet as of March 31, 2022 (representing the opening balances for the period under review) has been reviewed by us. We also used accounting records, vouchers and the Company's files and written materials as underlying supporting documents.

In determining the nature, timing and extent of the procedures to be performed in our review, we considered, in accordance with our professional judgment:

- Knowledge of the Company's business activities;
- knowledge of the accounting principles and practices of the industry in which the company operates;
- the company's accounting-related internal control system;
- the extent to which the statements made in the financial statements are affected by management's judgments;
- the materiality of transactions and account balances.

In particular, we performed the following individual procedures as part of our review:

- obtaining bank confirmation letters

- analytical review procedures

- explicit inquiries of management regarding their assessment of the completeness of other accruals, need for allowances for trade receivables.

- A physical inventory stock taking is not performed at the Company as only agreed upon services in progress is accounted for. Consequently, we performed a reconciliation to the underlying data backup.

All clarifications and evidence requested by us have been provided by the employees designated to provide information. The legal representatives have confirmed to us in writing that these explanations and evidence, as well as the accounting records and the annual financial statements, are complete.

Financial accounting, including fixed asset accounting, is outsourced by the Company to its parent company in Ireland. The outsourcing is approved by local tax authorities. The bookkeeping system applied there is “Sage”. The payroll accounting is outsourced to an external service provider (ADP) since January 2020.

The nature, scope and result of the measures performed by us as part of the audit review are recorded in our working papers.

## D. CERTIFICATE

To August Faller Artwork Solutions GmbH, Waldkirch

We have reviewed the statutory financial statements of August Faller Artwork Solutions GmbH, Waldkirch, for the period from April 1, 2022 to March 31, 2023. The preparation of these financial statements in accordance with German commercial law is the responsibility of the Company’s management. Our responsibility is to issue a report on the financial statements based on our review.

We conducted our review of the financial statements in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the financial statements are not prepared, in all material respects, in accordance with German commercial law. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the financial statements are not prepared, in all material respects, in accordance with German commercial law and articles of incorporation and bylaws.

Neuss, April 20, 2023

**SHWP GmbH**
Wirtschaftsprüfungsgesellschaft

Goossens
Wirtschaftsprüfer
[German Public Auditor]

# BALANCE SHEET AS OF MARCH 31, 2023

| ASSETS | 31.03.2023 | 31.03.2022 |
|---|---|---|
| | EUR | EUR |
| **A. Fixed Assets** | | |
| **II. Property, plant and equipment** | | |
| 1. Other equipment, operational and office equipment | **59.933,08** | 52.953,12 |
| **B. Current Assets** | | |
| **I. Inventories** | | |
| 1. Work in progress | **85.531,98** | 125.287,72 |
| **II. Receivables and other assets** | | |
| 1. Trade receivables | **72.789,67** | 272.113,05 |
| 2. Receivables due from affiliated companies | **96.742,15** | 84.850,25 |
| 3. Other assets | **40.448,12** | 63.635,46 |
| | **209.979,94** | 420.598,76 |
| **III. Cash on hand and cash in banks** | **123.422,66** | 87.618,23 |
| | **418.934,58** | 633.504,71 |
| **C. Prepaid expenses** | **32.863,88** | 30.353,60 |
| | **511.731,54** | 716.811,43 |

| EQUITY AND LIABILITIES | 31.03.2023 | 31.03.2022 |
|---|---|---|
| | **EUR** | EUR |
| **A. Equity** | | |
| **I. Subscribed capital** | **200.000,00** | 200.000,00 |
| **II. Retained Earnings** | **368.543,38** | 366.537,82 |
| **III. Net loss / profit for the year** | **-215.554,02** | 2.005,56 |
| | **352.989,36** | 568.543,38 |
| **B. Accruals** | | |
| 1. Other accrued liabilities | **76.590,90** | 68.466,73 |
| **C. Liabilities** | | |
| 1. Trade payables | **5.055,01** | 7.869,71 |
| 2. Payables due to affiliated companies | **77.096,27** | 63.180,05 |
| 3. Other liabilities | **0,00** | 8.751,56 |
| | **82.151,28** | 79.801,32 |
| | **511.731,54** | 716.811,43 |

# INCOME STATEMENT

**April 1, 2022 to March 31, 2023**

| | | EUR | 2021/2022 (12 months) EUR |
|---|---|---|---|
| 1. | Sales | 2.047.989,65 | 2.314.065,98 |
| 2. | Change in work in progress | -39.755,74 | -26.160,53 |
| 3. | Other operating income | 140.420,00 | 71.763,99 |
| 4. | Personnel expenses | | |
| | a) Wages and salaries | -1.600.196,55 | -1.654.640,48 |
| | b) Social security | -328.261,45 | -308.316,16 |
| | | **-1.928.458,00** | **-1.962.956,64** |
| 5. | Depreciation | | |
| | on intangible assets and property, plant and equipment | -27.242,51 | -20.309,26 |
| 6. | Other operating expenses | -406.957,67 | -370.160,57 |
| 7. | Other interest and similar expenses | -1.549,75 | -3.434,72 |
| 8. | Taxes on income | 0,00 | -802,69 |
| 9. | Net loss / profit for the year | **-215.554,02** | **2.005,56** |

# NOTES TO STATUTORY FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2022/2023

## A. General information on the annual financial statements

The Company is registered in the Commercial Register at the Local Court of Freiburg, No. HRB 701134, under the name August Faller Artwork Solutions GmbH. The registered office of the Company is in Waldkirch.

The annual financial statements of August Faller Artwork Solutions GmbH have been prepared on the basis of the accounting provisions of the German Commercial Code (HGB) and the supplementary provisions of the German Limited Liability Companies Act (GmbHG).

The Company is still a small corporation within the meaning of Section 267 (1) HGB.

As resolved at the shareholders' meeting on March 25, 2021, the Company has changed its fiscal year to a year other than the calendar year. In accordance with the entry date in the Commercial Register on April 12, 2021, a shortened fiscal year 2022 was performed with reporting period January 1 to March 31, 2022. The prior-year figures as disclosed in the income statement therefore relate to 3 months. For this reason, a comparison with the previous year is only possible to a limited extent. The reporting period is now April 1 to March 31 of the following year.

## B. Information on accounting and valuation methods

The annual financial statements of August Faller Artwork Solutions GmbH have been prepared in accordance with the accounting and valuation regulations of the German Commercial Code.

The accounting and valuation methods have been retained unchanged from the previous fiscal year.

The following accounting and valuation methods were applied to the balance sheet items:

Property, plant and equipment are stated at cost and, where their useful lives are finite, depreciated on a straight-line basis. The useful lives of the assets have been set at 3 to 15 years. The tax depreciation rates do not apply. Same applies to small value items: usable assets with a value between EUR 250.00 and EUR 800.00 are not fully depreciated in the year of acquisition.

Work in progress has been valued at production cost in accordance with its degree of completion. They are valued retroactively on the basis of the selling price.

Receivables and other assets are stated at nominal value. Identifiable individual risks are accounted for by specific valuation allowances. A general allowance for doubtful accounts has been established to cover the general credit risk associated with trade accounts receivable.

Cash in hand and bank balances are stated at nominal value.

Other accruals are valued at the amount required to settle the obligation according to prudent business judgment.

Liabilities are stated at their settlement amount.

Deferred tax assets resulting from loss carry forwards are not recognized.

## C. Notes to balance sheet

Receivables from shareholders only comprise trade accounts receivable (as in previous year).

Liabilities include interest-bearing liabilities to shareholders from other liabilities amounting to EUR 50,000.00 (previous year: EUR 60,000.00).

All liabilities have a remaining term of less than one year. Trade payables are secured by customary retention of title.

## D. Other disclosures

The average number of employees during the fiscal year was 43 people.

There are financial obligations from rental agreements with third parties amounting to kEUR 107 p.a.

In the fiscal year, Mr. Michael Fleming, Dublin / Ireland was the full-time and sole managing director of August Faller Artwork Solutions GmbH. Sole power of attorney is still granted to Ms. Stefanie Glocker, Ebringen and Ms. Simone Herold, Ebringen.

The annual financial statements of August Faller Artwork Solutions GmbH are included in the consolidated financial statements of Tech Mahindra Ltd, Pune/India - as the ultimate parent company. For the smallest group of companies, Perigord Asset Holdings Ltd, Dublin/Ireland, prepares consolidated financial statements as of the balance sheet date March 31 of each year.

Waldkirch, April 20, 2023

Michael Flemming

# DEVELOPMENT OF FIXED ASSETS FOR THE BUSINESS YEAR FROM APRIL 1, 2022 TO MARCH 31, 2023

| | Acquisition cost | | | | Accumulated depreciation | | | | Net book values | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **01.04.2022 EUR** | **Additions EUR** | **Disposals EUR** | **31.03.2023 EUR** | **01.04.2022 EUR** | **Additions EUR** | **Disposals EUR** | **31.03.2023 EUR** | **31.03.2023 EUR** | **31.03.2022 EUR** |
| **II. Fixed Assets** | | | | | | | | | | |
| 1. Other equipment, operational and office equipment | 459.486,52 | 34.222,47 | 17.720,95 | 475.988,04 | 406.533,40 | 27.242,51 | 17.720,95 | 416.054,96 | 59.933,08 | 52.953,12 |

## 1. Legal Position of the Company

The Company is domiciled in Waldkirch and has been registered in the Commercial Register of Freiburg im Breisgau, Department B, under No. 701134.

The articles of association were passed on March 28, 2007 and for the last time amended by the shareholder's decision on March 25, 2021.

### Business Objective of the Company

The Company's business activities are services related to print image design, print data management and the approval process, as well as the industrial production of artwork for pharmaceutical products.

### Financial Year

As resolved at the shareholders' meeting on March 25, 2021, the Company has changed its fiscal year. In accordance with the entry date in the Commercial Register on April 12, 2021, a short fiscal year was inserted for the period January 1 to March 31, 2022. The regular report- ing period became April 1 to March 31 following year.

### Subscribed Capital

The fully paid in subscribed capital amounts to EUR 200,000.00. As of balance sheet date all shares in the Company were held by Perigord Asset Holdings Ltd., Dublin/Ireland.

### Management

The general manager has the sole right to represent the Company.

## 2. Relationships with Affiliated Companies

We refer to the information disclosed in the Notes to Financial Statements according to Sect. 285 No. 11 and No. 14 of the German Commercial Code.

## 3. Tax Background

The company is subject to taxation of income in Germany (corporate tax and trade tax). Until the year 2019 a taxation of the (former) Indian branch was in place.

The last external tax audit was completed in in April 2020 with no findings: This audit covered the fiscal years 2016 to 2017. The last wage tax audit covered the years 2011 to 2014 and was completed in January 2016.

Tax assessments for all fiscal years until 2021 have been issued by the local tax authorities. Final notices have been issued for the assessment periods up to 2020. The tax filings for fis- cal year 2022 are scheduled for May 2023.

# PERIGORD DATA SOLUTIONS LIMITED

**Directors**
Alan Leamy
Paul Leamy

**Company secretary**
Paul Leamy

**Registered office and business address**
Unit 1
Lyncon Court
IDA Business and Technology Park
Snugborough Road
Blanchardstown
Dublin 15

**Auditor**
KPMG
Chartered Accountants
1 Stokes Place
St. Stephen’s Green
Dublin 2

**Bankers**
Ulster Bank
College Green
Dublin 2
Bank of Ireland
Ballsbridge
Dublin 4

**Solicitors**
Sherlock Law
Unit 5
Ground Floor
Block F
Nutgrove Office Park
Rathfarnham
Dublin 14
Fitzgerald Tech Law
Fumbally Exchange 5
Dame Lane
Dublin 2

**Registered number**
378194

# DIRECTORS' REPORT

The directors present their report and the audited financial statements for Perigord Data Solutions Limited ("the company") for the financial year ended 31 March 2023.

### Principal activity and future developments

The principal activity of the company continues to be the development of software solutions to manage the artwork process for the life science and related industries. Following an acquisition in March 2021, the company is a controlled subsidiary of the Tech Mahindra Group, a publicly limited technologies company listed on the Bombay stock exchange. Prior to Mahindra Engineering Services (Europe) Limited acquiring a majority stake, the company was controlled jointly by Alan Leamy and Paul Leamy through their holding company Locarno Investments Limited. The company plans to continue its present activities and does not anticipate a change in the foreseeable future.

### Results and dividends

The company generated a profit for the financial year amounted to €971,901 (2022: €1,282,613). The directors do not recommend payment of a dividend (2022: €Nil). At the end of the financial year, the company has net liabilities of €1,218,814 (2022: €2,190,715) which include amounts owed to group undertakings of €4,362,949 (2022: €3,670,917). Going concern is discussed further in the financial statements at note 2 basis of preparation.

### Directors and secretary and their interests

The directors who served throughout the financial year, except as noted, were as follows:

Alan Leamy
Paul Leamy

The secretary who served throughout the financial year was Paul Leamy. In accordance with the company's constitution, the directors are not required to retire by rotation.

The company regards Perigord Asset Holdings Limited as its parent company. After the acquisition both Alan Leamy and Paul Leamy own a minority holding in Perigord Asset Holding Limited through Locarno Investments Limited of 63,470 A ordinary shares at 31 March 2023 (2022: 95,206 A ordinary shares at 31March 2022).

There are no other disclosable interests in the shareholding of the company or the group that are required to be made under the Companies act, 2014.

### Post balance sheet events

There have been no significant events affecting the company since the balance sheet date that would require adjustment to or disclosure in these financial statements.

### Political contributions

The company did not make any disclosable political donations in the current financial year (2022: €Nil).

### Research and development

Over the past number of years the company has been engaged in the development of brand and artwork solutions to manage the artwork process for the life science industry. Research expenditure incurred in relation to these activities has been written off to the profit & loss account in the year in which it was incurred. Development expenditure incurred in relation to this activity is written off in the same way unless the directors have satisfied themselves as to the technical, commercial and financial viability of the individual projects. In this situation, the expenditure is deferred and will be amortised over the period during which the company is expected to benefit. The company has not capitalised any Research and Development expenditure in the current year or prior year.

### Accounting records

To ensure that adequate accounting records are kept in accordance with sections 281 to 285 of the Companies Act 2014, the directors have established appropriate books to adequately record the transactions of the company. The directors also ensure that the company retains the source documentation for these transactions. The accounting records are maintained at the company's office at Unit 1, Lyncon Court, IDA Business and Technology Park, Snugborough Road, Blanchardstown, Dublin 15.

### Disclosure of information to auditor

Each person who is a director at the date of approval of this report confirms that:

- there is no relevant audit information (information needed by the company's auditor in connection with preparing the auditor's report) of which the company's auditor is unaware; and

- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Auditors**

Pursuant to Section 383(2) of the Companies Act 2014, the auditor, KPMG, Chartered Accountants, will continue in office.

On behalf of the board

| | | |
|---|---|---|
| **Alan Leamy** | **Paul Leamy** | 22 June 2023 |
| Director | Director | |

# STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year.

In preparing these financial statements, the directors are required to:

— select suitable accounting policies and then apply them consistently;

— make judgements and estimates that are reasonable and prudent;

— state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

— assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

— use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

On behalf of the board

| | | |
|---|---|---|
| **Alan Leamy** | **Paul Leamy** | 22 June 2023 |
| Director | Director | |

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERIGORD DATA SOLUTIONS LIMITED

**Report on the audit of the financial statements**

**Opinion**

We have audited the financial statements of Perigord Data Solutions Limited ("the Company") for the year ended 31 March 2023, which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued in the United Kingdom by the Financial Reporting council.

In our opinion:

— the financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at 31 March 2023 and of its profit for the year then ended;

— the financial statements have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and

— the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The directors are responsible for the other information presented in the directors' report together with the financial statements. The other information comprises the information included in the directors' report . The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information, we report that:

— we have not identified material misstatements in the directors' report;

— in our opinion, the information given in the directors' report is consistent with the financial statements;

— in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

**Opinions on other matters prescribed by the Companies Act 2014**

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

**Matters on which we are required to report by exception**

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

**Respective responsibilities and restrictions on use**

**Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the 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 ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in- Ire/Description-of-the-auditor-s-responsibilities-for

**The purpose of our audit work and to whom we owe our responsibilities**

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

22 June 2023

Ronan Gilmartin

**for and on behalf of**

**KPMG**

**Chartered Accountants, Statutory Auditor**

1 Stokes Place

St. Stephen's Green

Dublin 2

# STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

**for the financial year ended 31 March 2023**

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | **€** | € |
| **Turnover** | 3 | **9,302,576** | 8,173,546 |
| Cost of sales | | **(2,863,247)** | (1,719,067) |
| **Gross profit** | | **6,439,329** | 6,454,479 |
| Administrative expenses | | **(5,361,938)** | (4,997,286) |
| **Operating profit** | 4 | **1,077,391** | 1,457,193 |
| Interest payable and similar expenses | 5 | **(1,686)** | (4,022) |
| **Profit before taxation** | | **1,075,705** | 1,453,171 |
| Tax expense | 7 | **(103,804)** | (170,558) |
| **Profit for the financial year** | | **971,901** | 1,282,613 |
| Other comprehensive income | | **-** | - |
| **Total comprehensive income for the year** | | **971,901** | 1,282,613 |

The notes form an integral part of these financial statements.

# BALANCE SHEET
**as at 31 March 2023**

| | Note | **2023** | 2022 |
|---|---|---|---|
| | | **€** | € |
| **Fixed assets** | | | |
| Intangible assets | 8 | **1,957,138** | - |
| Tangible assets | 9 | **703,521** | 486,313 |
| | | **2,660,659** | 486,313 |
| **Current assets** | | | |
| Debtors | 10 | **3,353,000** | 2,208,116 |
| Cash and cash equivalents | | **1,592,311** | 2,133,604 |
| | | **4,945,311** | 4,341,720 |
| **Creditors**: amounts falling due within one year | 12 | **(8,721,074)** | (6,854,233) |
| **Net current liabilities** | | **(3,775,763)** | (2,512,513) |
| **Total assets less current liabilities** | | **(1,115,104)** | (2,026,200) |
| **Creditors**: amounts falling due after more than one year | 13 | **(103,710)** | (164,515) |
| **Net liabilities** | | **(1,218,814)** | (2,190,715) |
| **Capital and reserves** | | | |
| Called up share capital presented as equity | 14 | **1,070,102** | 1,070,102 |
| Retained losses | 15 | **(2,307,457)** | (3,279,358) |
| Capital contribution reserve | 15 | **18,541** | 18,541 |
| **Shareholders' deficit** | | **(1,218,814)** | (2,190,715) |

The notes form an integral part of this financial statements.

On behalf of the board

| | | |
|---|---|---|
| **Alan Leamy** | **Paul Leamy** | 22 June 2023 |
| Director | Director | |

# STATEMENT OF CHANGES IN EQUITY

**as at 31 March 2023**

| | Called up share capital | Retained losses | Capital contribution reserve | Total |
|---|---|---|---|---|
| | € | € | € | € |
| **At 1 April 2021** | **1,070,102** | **(4,561,971)** | **18,541** | **(3,473,328)** |
| Profit for the financial year | - | 1,282,613 | - | 1,282,613 |
| Other comprehensive income | - | - | - | - |
| **At 31 March 2022** | **1,070,102** | **(3,279,358)** | **18,541** | **(2,190,715)** |
| Profit for the financial year | - | 971,901 | - | 971,901 |
| Other comprehensive income | - | - | - | - |
| **At 31 March 2023** | **1,070,102** | **(2,307,457)** | **18,541** | **(1,218,814)** |

# NOTES

**forming part of the financial statements**

## 1 General information

Perigord Data Solutions Limited ("the Company") is a company limited by shares incorporated in the Republic of Ireland.

## 2 Summary of significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

### Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council.

The company has prepared projections which demonstrate that it will be profitable in future years. Given recent project wins and sales pipelines for the next 12 months, the directors are satisfied that the company has sufficient cash reserves to meet all obligations as they fall due and the financial statements have been prepared on a going concern basis. The company has received a letter of support from the ultimate parent undertaking in which they will enable the company to meet its obligations as they fall due.

### Cash flow statement

The company has availed of the exemption in FRS 102 from the requirement to prepare a statement of cash because it is a subsidiary undertaking for which the consolidated financial statements are publicly available.

### Turnover

Turnover comprises the invoice value of goods supplied by the company, exclusive of trade discounts and value added tax.

### Financial liabilities and equity instruments

Following the adoption of FRS 102, financial instruments issued by the company are treated as equity (i.e. forming part of the shareholders' funds) only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

- where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account excludes amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges.

Issued preference share capital that is deemed to represent a contractual obligation to deliver cash or another asset to another entity, is treated as financial liability and, accordingly, is included in either current or long term liabilities in the balance sheet. Unpaid dividends in respect of these instruments are included as creditors due after more than one year until they are paid. Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contracted arrangement.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction cost.

**Government grants**

Grants are recognised using the accruals model when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants towards capital expenditure are credited to deferred income and are released to the profit and loss account over the expected useful life of the related assets, by equal annual instalments. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

**Research and development**

Development expenditure is written off in the same year unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period from which the company is expected to benefit.

**Tangible assets and depreciation**

Tangible assets are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of tangible assets, less their estimated residual value, over their expected useful lives as follows:

| | |
|---|---|
| Software - | 15% Straight line |
| Fixtures, and fittings - | 33% Straight line |
| Motor vehicles - | 25% Straight line |
| Computer equipment - | 33% Straight line |

The carrying values of tangible fixed assets are reviewed annually for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

**Leasing and hire purchases**

Tangible assets held under leasing and Hire Purchases arrangements which transfer substantially all the risks and rewards of ownership to the company are capitalised and included in the balance sheet at their cost or valuation, less depreciation. The corresponding commitments are recorded as liabilities. Payments in respect of these obligations are treated as consisting of capital and interest elements, with interest charged to the profit and loss account.

**Trade and other debtors**

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases the receivables are stated at cost less impairment losses for bad and doubtful debts.

**Trade and other creditors**

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest rate method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

**Employee benefits**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. For defined contribution plans, the company pays contributions to privately administered pension plans on a contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments isavailable.

**Taxation and deferred taxation**

Current tax represents the amount expected to be paid or recovered in respect of taxable profits for the financial year and is calculated using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax in the future, or a right to pay less tax in the future. Timing differences are temporary differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured on an undiscounted basis at the tax rates that are anticipated to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Foreign currencies**

The company's functional currency is the Euro. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rates of exchange ruling at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The resulting exchange differences are dealt with in the profit and loss account.

**3 Turnover**

The analysis of turnover and profit by segment and geographical area as required by the Companies Act 2014 is not included as the directors believe that such disclosure would be seriously prejudicial to the business of the Company.

**4 Statutory information**

| Directors' remuneration: | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Fees for services rendered to the Company | **120,000** | 120,000 |

| **5 Interest payable and similar expenses** | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Bank charges | **1,686** | 4,022 |

| **6 Employees** | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Wages and salaries | **2,218,202** | 2,213,651 |
| Employers PRSI | **223,295** | 202,877 |
| Pension | **45,966** | 25,800 |
| Other remuneration | **245,000** | - |
| | **2,732,463** | 2,442,328 |

The average monthly number of employees, including directors, during the financial year was 31 (2022: 32). Employees by department are detailed as follows:

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Research & development | **4** | 4 |
| Support | **17** | 19 |
| Sales | **4** | 4 |
| Administration | **6** | 5 |
| | **31** | 32 |

| **7 Tax on profit on ordinary activities** | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Current tax | **1,800** | - |
| Deferred tax: | | |
| Origination and reversal of timing differences | **102,004** | 170,558 |
| **Total tax charge for the year** | **103,804** | 170,558 |

| | 2023 | 2022 |
|---|---|---|
| | **€** | € |
| Profit on ordinary activities before taxation | **1,075,705** | 1,453,171 |
| Profit on ordinary activities at standard tax rate 12.5% | **134,463** | 181,646 |
| Effects of: | | |
| Depreciation in excess of capital allowances | **9,179** | 4,994 |
| Timing differences in pension deductions | **5,625** | - |
| R&D tax credit | **(13,250)** | - |
| Accelerated allowance on intangible assets | **(244,642)** | - |
| Losses surrendered under group relief | **77,414** | - |
| Losses carried forward/(utilized) | **32,532** | (152,347) |
| Income tax deducted at source | **1,800** | - |
| Movement in unrecognized deferred tax | **(96,737)** | 135,819 |
| Other movements | **(10,188)** | 446 |
| **Total tax charge** | **103,804** | 170,558 |

## 8 Intangible assets

| | **Capitalised development** | **Total** |
|---|---|---|
| | **€** | **€** |
| Cost and net book value | | |
| At 1 April 2022 | - | - |
| Additions | 1,957,138 | 1,957,138 |
| **At 31 March 2023** | **1,957,138** | **1,957,138** |

During the year, having met the recognition criteria and in line with its accounting policy, the Company capitalised development expenditure of €1,957,138 (2022: €Nil) in respect of several complementary software development projects. Assets remain under development, have not yet been brought into use and there is no amortisation charge during the year. The Company expects to realise the value of the capitalised intangible assets through future use and the generation of new cash flows.

## 9 Tangible assets

| | **Software** | **Fixtures, and fittings** | **Motor vehicles** | **Computer equipment** | **Total** |
|---|---|---|---|---|---|
| | **€** | **€** | **€** | **€** | **€** |
| Cost | | | | | |
| At 1 April 2022 | 22,310 | 5,116 | 55,562 | 705,957 | 788,945 |
| Additions | 71,803 | - | - | 351,146 | 422,949 |
| **At 31 March 2023** | **94,113** | **5,116** | **55,562** | **1,057,103** | **1,211,894** |
| Depreciation | | | | | |
| At 1 April 2022 | 21,229 | 5,115 | 7,408 | 268,880 | 302,632 |
| Charge for the financial year | 4,386 | 1 | 11,113 | 190,241 | 205,741 |
| **At 31 March 2023** | **25,615** | **5,116** | **18,521** | **459,121** | **508,373** |
| Net book value | | | | | |
| **At 31 March 2023** | **68,498** | **-** | **37,041** | **597,982** | **703,521** |
| At 31 March 2022 | 1,081 | 1 | 48,154 | 437,077 | 486,313 |

## 10 Debtors

| | 2023 | 2022 |
|---|---|---|
| | **€** | € |
| Trade debtors | **1,097,420** | 1,314,570 |
| Amount owed by group undertakings | **1,007,687** | - |
| Other debtors | **218,872** | 5,500 |
| Deferred tax asset | **-** | 100,415 |
| Vat Recoverable | **246,881** | 183,056 |
| Prepayments | **339,593** | 265,602 |
| Accrued income | **442,547** | 338,973 |
| | **3,353,000** | 2,208,116 |

Trade debtors are recorded net of a provision for bad debts of €Nil (2022: €Nil).

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

## 11 Deferred tax (liability) / asset

| | 2023 | 2022 |
|---|---|---|
| | **€** | € |
| Deferred tax (liability) / asset | **(1,589)** | 100,415 |

The deferred tax position is primarily due to losses forward and timing differences on fixed assets and pension deductions of €243,054 offset by deferred tax liabilities recognised on intangible assets of €244,642 (2022: €Nil).

## 12 Creditors: amounts falling due within one year

| | 2023 | 2022 |
|---|---|---|
| | **€** | € |
| Trade creditors | **701,128** | 276,974 |
| Accruals | **619,965** | 201,927 |
| Amounts owed to credit institutions | **900** | 1,632 |
| Finance leases and hire purchase contracts | **37,041** | 31,085 |
| Amounts owed to group undertakings | **4,362,949** | 3,670,917 |
| Deferred tax liability | **1,589** | - |
| Tax payable | **70,013** | 72,763 |
| Deferred income | **2,927,489** | 2,598,935 |
| | **8,721,074** | 6,854,233 |

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

## 13 Creditors: amounts falling due after more than one year

| | 2023 | 2022 |
|---|---|---|
| | **€** | € |
| Finance leases and hire purchase contracts (a) | **8,270** | 69,075 |
| Other creditors | **95,440** | 95,440 |
| | **103,710** | 164,515 |

(a) Net obligations under finance leases and hire purchase contracts:

| | 2023 | 2022 |
|---|---|---|
| | € | € |
| Repayable within one year | **37,041** | 31,085 |
| Repayable between one and five years | **8,270** | 69,075 |
| | **45,311** | 100,160 |

**14 Called up share capital – equity**

| | 2023 | 2022 |
|---|---|---|
| | € | € |
| **Allotted, called up and fully paid** | | |
| 1,070,102 ordinary shares of €1 each | **1,070,102** | 1,070,102 |

**15 Reserves**

| | Prof it and loss account | capital contribution reserve | Total |
|---|---|---|---|
| | € | € | € |
| **At 1 April 2022** | **(3,279,358)** | **18,541** | **(3,260,817)** |
| Profit for the financial year | 971,901 | - | 971,901 |
| **At 31 March 2023** | **(2,307,457)** | **18,541** | **(2,288,916)** |

**16 Capital commitments**

The company had no material capital commitments at the financial year-ended 31 March 2023 (2022: €Nil).

**17 Related party transactions**

The company has availed of the exemption under FRS 102 in relation to the disclosure of transactions with group undertakings.

**18 Parent and ultimate parent company**

The company regards Perigord Asset Holdings Limited as its parent company. The company's ultimate parent undertaking is Tech Mahindra Limited. Tech Mahindra Limited is located and registered in India. The parent in which the results are consolidated is Tech Mahindra Limited.

**19 Post balance sheet events**

There have been no significant events affecting the company since the balance sheet date that would require adjustment to or disclosure in these financial statements.

**20 Approval of financial statements**

The financial statements were approved and authorised for issue by the board of directors on 22 June 2023.

# PERIGORD PREMEDIA LIMITED

**Directors**
Alan Leamy
Paul Leamy

**Company secretary**
Paul Leamy

**Registered office**
Unit 1
Lyncon Court
IDA Business and Technology Park
Blanchardstown

**Bankers**
Ulster Bank
College Green
Dublin 2
Bank of Ireland
Ballsbridge
Dublin 4
Allied Irish Bank
Blanchardstown
Dublin 15

**Solicitors**
Sherlock Law
Unit 5
Ground Floor
Block F
Nutgrove Office Park
Rathfarnham
Dublin 14
Fitzgerald Tech Law
Fumbally Exchange
5 Dame Lane
Dublin 2

**Registered number**
272470

# DIRECTORS' REPORT

The directors present their report and the financial statements for Perigord Premedia Limited ("the company") for the financial year ended 31 March 2023.

### Principal activity and future developments

The principal activity of the company is the provision of quality artwork and labelling outsource services and management solutions to the life science and related industries. Following an acquisition in March 2021, the company is a controlled subsidiary of the Tech Mahindra Group, a publicly limited technologies company listed on the Bombay stock exchange. Prior to Mahindra Engineering Services (Europe) Limited acquiring a majority stake, the company was controlled jointly by Alan Leamy and Paul Leamy through their holding company Locarno Investments Limited.

The company plans to continue its present activities and does not anticipate a change in the foreseeable future.

### Results and dividends

The company generated a profit for the financial year of € 578,508 *(2022: €1,212,530)*. The directors do not recommend payment of a dividend (*2022: €Nil)*. At the end of the financial year, the company has net assets of €5,703,459 *(2022: €5,124,950)*.

### Directors and secretary and their interests

The directors who served throughout the financial year, except as noted, were as follows:

Alan Leamy

Paul Leamy

The secretary who served throughout the financial year was Paul Leamy. In accordance with the company's constitution, the directors are not required to retire by rotation.

The company regards Perigord Asset Holdings Limited as its parent company. After the acquisition both Alan Leamy and Paul Leamy own a minority holding in Perigord Asset Holding Limited through Locarno Investments Limited of 63,470 A ordinary shares at 31 March 2023 *(2022: 95,206 A ordinary shares at 31 March 2022).*

There are no other disclosable interests in the shareholding of the company or the group that are required to be made under the Companies act, 2014.

### Post balance sheet events

There have been no significant events affecting the company since the balance sheet date that would require adjustment to or disclosure in these financial statements.

### Political contributions

The company did not make any disclosable political donations in the current financial year *(2022: €Nil).*

### Accounting records

To ensure that adequate accounting records are kept in accordance with Sections 281 to 285 of the Companies Act 2014, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The accounting records are located at the company's office at Unit 1, Lyncon Court, IDA Business and Technology Park, Blanchardstown.

On behalf of the board

| | | |
|---|---|---|
| **Alan Leamy** | **Paul Leamy** | 21st June 2023 |
| Director | Director | |

# STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing these financial statements, the directors are required to:

— select suitable accounting policies and then apply them consistently;

— make judgements and estimates that are reasonable and prudent;

— state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

— assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

— use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

On behalf of the board

| | | |
|---|---|---|
| **Alan Leamy** | **Paul Leamy** | 21st June 2023 |
| Director | Director | |

# STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

**for the year ended 31 March 2023**

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | € | € |
| **Turnover** | 3 | **13,246,553** | 11,755,647 |
| Cost of sales | | **(8,834,270)** | (7,770,960) |
| **Gross profit** | | **4,412,283** | 3,984,687 |
| Administrative expenses | | **(4,030,319)** | (3,138,894) |
| Other operating income | | **201,762** | 435,500 |
| **Operating profit** | 4 | **583,726** | 1,281,293 |
| Interest receivable and similar income | 5 | **1,550** | 3,435 |
| Interest payable and similar expenses | 6 | **(4,440)** | (8,882) |
| **Profit before taxation** | | **580,836** | 1,275,846 |
| Tax expense | 8 | **(2,328)** | (63,316) |
| **Profit for the financial year** | 17 | **578,508** | 1,212,530 |
| Other comprehensive income | | **-** | - |
| **Total comprehensive income** | | **578,508** | 1,212,530 |

# BALANCE SHEET
**as at 31 March 2023**

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | **€** | € |
| **Fixed assets** | | | |
| Tangible assets | 9 | **248,250** | 283,138 |
| Investments | 10 | **1,717,923** | 1,717,923 |
| | | **1,966,173** | 2,001,061 |
| **Current assets** | | | |
| Debtors | 12 | **5,714,361** | 3,846,785 |
| Cash and cash equivalent | | **1,116,472** | 1,326,328 |
| | | **6,830,833** | 5,173,113 |
| **Creditors: amounts falling due within one year** | 13 | **(3,053,252)** | (2,022,022) |
| **Total assets less current liabilities** | | **5,743,754** | 5,152,152 |
| **Creditors**: | | | |
| amounts falling due after more than one year | 14 | **(40,295)** | (27,202) |
| **Net assets** | | **5,703,459** | 5,124,950 |
| **Capital and reserves** | | | |
| Called up share capital presented as equity | 16 | **253,948** | 253,948 |
| Other reserves | 17 | **125,121** | 125,121 |
| Retained earnings | 17 | **5,324,390** | 4,745,881 |
| **Shareholders' funds** | | **5,703,459** | 5,124,950 |

On behalf of the board

**Alan Leamy**
Director

**Paul Leamy**
Director

# STATEMENT OF CHANGES IN EQUITY

**for the year ended 31 March 2023**

| | Called up share capital | Retained earnings | Capital contribution reserve | Total |
|---|---|---|---|---|
| | € | € | € | € |
| **At 1 April 2022** | 253,948 | 3,533,351 | 125,121 | 3,912,420 |
| Profit for the year | - | 1,212,531 | - | 1,212,531 |
| **At 31 March 2022** | 253,948 | 4,745,881 | 125,121 | 5,124,951 |
| Profit for the year | - | 578,508 | - | 578,508 |
| **At 31 March 2023** | **253,948** | **5,324,390** | **125,121** | **5,703,459** |

# NOTES

forming part of the financial statements

**1 General information**

Perigord Premedia Limited is a company limited by shares incorporated in the Republic of Ireland.

**2 Summary of significant accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

**Statement of compliance**

The financial statements of the company for the year ended 31 March 2023 have been prepared on the going concern basis and in accordance with generally accepted accounting principles in Ireland and Irish statute comprising the Companies Act 2014 and in accordance with *The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland* ("FRS 102") issued by the Financial Reporting Council.

**Basis of preparation**

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* issued by the Financial Reporting Council.

**Cash flow statement**

The company has availed of the exemption in FRS 102 from the requirement to prepare a Statement of Cash Flows because it is a subsidiary undertaking for which the consolidated financial statements are publicly available.

**Consolidated accounts**

The company is entitled to the exemption provided for in Section 300 of the Companies Act 2014 from the obligation to prepare group accounts.

**Turnover**

Turnover comprises the invoice value of goods supplied by the company, exclusive of trade discounts and value added tax.

**Financial liabilities and equity instruments**

Following the adoption of FRS 102, financial instruments issued by the company are treated as equity (i.e. forming part of the shareholders' funds) only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a nonderivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account excludes amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges.

Issued preference share capital that is deemed to represent a contractual obligation to deliver cash or another asset to another entity, is treated as financial liability and, accordingly, is included in either current or long term liabilities in the balance sheet. Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contracted arrangement.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction cost.

**Tangible assets and depreciation**

Tangible assets are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of tangible assets, less their estimated residual value, over their expected useful lives as follows:

Computer equipment - 33% Straight line

Fixtures, and fittings - 33% Straight line

Leasehold Improvements - 25% Straight line

The carrying values of tangible fixed assets are reviewed annually for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

**Leasing and hire purchases**

Tangible assets held under leasing and Hire Purchases arrangements which transfer substantially all the risks and rewards of ownership to the company are capitalised and included in the balance sheet at their cost or valuation, less depreciation. The corresponding commitments are recorded as liabilities. Payments in respect of these obligations are treated as consisting of capital and interest elements, with interest charged to the profit and loss account.

**Investments**

The company holds investments in unlisted non-puttable equity shares of a number of entities. These investments are measured at cost less impairment.

**Trade and other debtors**

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases the receivables are stated at cost less impairment losses for bad and doubtful debts.

**Borrowing costs**

Borrowing costs relating to the acquisition of assets are capitalised at the appropriate rate by adding them to the cost of assets being acquired. Investment income earned on the temporary investment of specific borrowings pending their expenditure on the assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Trade and other creditors**

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest rate method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

**Employee benefits**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. For defined contribution plans, the company pays contributions to privately administered pension plans on a contractual or voluntary basis.

The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**Taxation and deferred taxation**

Current tax represents the amount expected to be paid or recovered in respect of taxable profits for the financial year and is calculated using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax in the future, or a right to pay less tax in the future. Timing differences are temporary differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured on an undiscounted basis at the tax rates that are anticipated to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Government grants**

Grants are recognised using the accruals model when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants towards capital expenditure are credited to deferred income and are released to the profit and loss account over the expected useful life of the related assets, by equal annual instalments. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

**Foreign currencies**

The company's functional currency is the Euro. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rates of exchange ruling at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The resulting exchange differences are dealt with in the profit and loss account.

## 3 Turnover

The analysis of turnover and profit by segment and geographical area as required by the Companies Act 2014 is not included as the directors believe that such disclosure would be seriously prejudicial to the business of the Company.

## 4 Statutory information

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| **Operating profit is stated after charging**: | | |
| Depreciation of tangible assets | **207,858** | 219,992 |
| Loss on foreign currencies | **42,258** | 1,480 |

## 5 Interest receivable and similar income

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Bank interest | **1,550** | 3,435 |

## 6 Interest payable and similar expenses

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| On bank loans and overdrafts | **-** | 304 |
| Finance lease charges | **4,440** | 8,578 |
| | **4,440** | 8,882 |

## 7 Employees and remuneration

The average number of persons employed (including executive directors) during the financial year was as follows:

| | **2023** | 2022 |
|---|---|---|
| | **Number** | Number |
| Production | **73** | 72 |
| Admin | **12** | 11 |
| Sales | **8** | 8 |
| | **93** | 91 |

| The staff costs comprise | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Wages and salaries | **4,828,857** | 4,368,081 |
| Social welfare costs | **500,668** | 494,329 |
| Pension costs | **54,219** | 46,384 |
| Other | **230,000** | - |
| | **5,613,744** | 4,908,794 |

| **8** | **Tax on profit** | **2023** | 2022 |
|---|---|---|---|
| | | **€** | € |
| | Current tax | | |
| | Corporation tax at 12.5% (2022: 12.50%) | **1,102** | 58,193 |
| | Under/(over) provision in prior year | **-** | 5,398 |
| | **Total current tax** | **79,703** | 63,591 |
| | Deferred tax | | |
| | Origination and reversal of timing differences | **1,226** | (275) |
| | Total deferred tax | **1,226** | (275) |
| | **Tax on profit** | **2,328** | 63,316 |

The tax assessed for the financial year differs from the standard rate of corporation tax in the Republic of Ireland 12.5% *(2022: 12.50%)*. The differences are explained below:

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Profit taxable at 12.50% | **580,836** | 1,275,846 |
| Profit before tax multiplied by the standard rate of | | |
| Corporation tax in the Republic of Ireland at 12.5%. | **72,605** | 159,481 |
| Effects of | | |
| Expenses not deductible for tax purposes | **31,959** | 1,666 |
| Depreciation in excess of capital allowances for period | **5,196** | 7,445 |
| Deferred tax | **1,226** | (275) |
| Deductible expenses | **(14,370)** | (7,949) |
| DIRT | **387** | **-** |
| Group losses utilised | **(94,675)** | (97,052) |
| **Total tax charged for the financial year** | **2,328** | 63,316 |

| 9 Tangible assets | Computer Equipment | Fixtures and fittings | Leasehold improvements | Total |
|---|---|---|---|---|
| | € | € | € | € |
| Cost | | | | |
| At 1 April 2022 | 2,406,892 | 682,004 | 430,131 | 3,519,027 |
| Additions | 172,968 | - | - | 172,968 |
| **At 31 March 2023** | **2,579,860** | **682,004** | **430,131** | **3,691,995** |
| Depreciation | | | | |
| At 1 April 2022 | 2,149,623 | 682,004 | 404,262 | 3,235,889 |
| Charge for the year | 193,836 | - | 14,020 | 207,856 |
| **At 31 March 2023** | **2,343,459** | **682,004** | **418,282** | **3,443,745** |
| Net book value | | | | |
| **At 31 March 2023** | **236,401** | **-** | **11,849** | **248,250** |
| At 31 March 2022 | 257,269 | - | 25,869 | 283,138 |

| 10 Investments | Subsidiary undertakings shares | Total |
|---|---|---|
| **Investments** | € | € |
| Cost | 1,717,923 | 1,717,923 |
| **At 31 March 2023** | | |
| Net book value | **1,717,923** | **1,717,923** |
| **At 31 March 2023** | | |
| At 31 March 2022 | 1,717,923 | 1,717,923 |

The directors have performed a review of investments in subsidiary undertakings during the year and are satisfied that the carrying amount is at least the recoverable amount of investments held.

**Holdings in related undertakings**

The company holds 20% or more of the share capital of the following companies:

| Name | Registered office | Nature of business | Details of investment | Proportion held by company |
|---|---|---|---|---|
| August Faller Artwork Solutions GmbH | Germany | Artwork and outsource services | Ordinary | 100% |
| Perigord Premedia USA, Inc | United States of America | Artwork and outsource services | Ordinary | 100% |

| 12 Debtors | 2023 | 2022 |
|---|---|---|
| | € | € |
| Trade debtors | **2,932,480** | 1,912,154 |
| Amounts owed by group undertakings | **1,260,443** | 585,481 |
| Other debtors | **3,909** | 7,176 |
| Deferred tax asset | **41,393** | 42,619 |
| Tax recoverable (note 18) | **65,468** | 28,547 |
| Prepayments | **112,297** | 167,058 |
| Accrued income | **1,298,371** | 1,103,750 |
| | **5,714,361** | 3,846,785 |

Trade debtors are recorded net of a provision for bad debts of €Nil *(2022: €Nil)*.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Amounts falling due after more than one year and included in debtors are:

| | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Deferred tax asset | **41,393** | 42,619 |

| **13** **Creditors**: amounts falling due within one year | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Trade creditors | **269,702** | 199,255 |
| Accruals | **826,050** | 365,892 |
| Amounts owed to credit institutions | **525** | 34,579 |
| Net obligations under finance leases | **28,241** | 93,958 |
| Amounts owed to group undertakings | **1,774,096** | 1,128,849 |
| Tax payable (note 15) | **154,638** | 199,489 |
| | **3,053,252** | 2,022,022 |

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

| **14** **Creditors**: amounts falling due after more than one year | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| Net obligations under finance leases _mgt | **40,295** | 27,202 |
| Classification of Net obligations under finance leases: | | |
| Repayable within one year | **28,241** | 93,958 |
| Repayable between one and five years | **40,295** | 27,202 |
| | **68,536** | 121,160 |

| **15** **Taxation** | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| **Debtors**: | | |
| VAT | **55,762** | - |
| Corporation tax recoverable | **9,706** | 28,547 |
| | **65,468** | 28,547 |
| **Creditors**: | | |
| VAT | **-** | 13,034 |
| PAYE | **154,638** | 186,455 |
| | **154,638** | 199,489 |

| **16** **Share capital** | **2023** | 2022 |
|---|---|---|
| | **€** | € |
| **Allotted, called up and fully paid** | | |
| 200,000 ordinary shares of €1.2697380 each | **253,948** | 253,948 |

**17 Reserves**

| | Profit and loss account | Capital contribution reserve | Total |
|---|---|---|---|
| | **€** | **€** | **€** |
| At 1 April 2022 | 4,745,881 | 125,121 | 4,871,002 |
| Profit for the financial year | 578,508 | - | 578,508 |
| **At 31 March 2023** | **5,324,389** | **125,121** | **5,449,510** |

**18 Commitments**

*Lease commitments*

Perigord Premedia Limited has a lease with an unrelated party in respect to the premises at 1 Lyncon Court to 2025 and expects to make payments of €82,040 *(2022: €82,040)* within one year and €328,160 *(2022:* €328,160*)* between 1 and 5 years).

**19 Related party transactions**

The company has availed of the exemption under FRS 102 in relation to the disclosure of transactions with group undertakings.

**20 Parent and ultimate parent company**

The company regards Perigord Asset Holdings Limited as its parent company. The company's ultimate parent undertaking is Tech Mahindra Limited. Tech Mahindra Limited is located and registered in India. The parent in which the results are consolidated is Tech Mahindra Limited.

**21 Post balance sheet events**

There have been no significant events affecting the company since the balance sheet date that would require adjustment to or disclosure in these financial statements.

**22 Approval of financial statements**

The financial statements were approved and authorised for issue by the board of directors on 21st June 2023.

# PERIGORD PREMEDIA (INDIA) PRIVATE LIMITED

**CORPORATE INFORMATION**

**Board of Directors**

Mr. Alan Leamy
Mr. Paul Leamy
Mr. Manohar Alaparthi

**Auditor**

M/s BSR & CO. LLP,
Chartered Accountants
(FRN 101248W/W-100022)

**Banker**

Axis bank

**Registered Office**

Unit 10B, C, D, 10th Floor, Vaishnavi Cynosure,
2-48/5/6, Plot No.19, Sy 18,
Gachibowli, Hyderabad Telangana - 500032

# BOARD'S REPORT

To the Members,

Your Directors have the pleasure in submitting their 8th Annual Report on the business and operations of the Company together with the Audited Financial Statements for the year ended 31st March, 2023.

## 1. FINANCIAL SUMMMARY

The summarised version of the financial data for the current year and the previous year are as follows:

(Rs. In thousands)

| Particulars | For the year ended 31st March 2023 (Rs.) | For the year ended 31st March 2022 (Rs.) |
|---|---|---|
| Total Revenue | 2,38,848 | 2,01,814 |
| Total Expenses | 2,10,561 | 1,79,015 |
| Profit before Exceptional and Extraordinary items and Tax | 28,287 | 22,799 |
| Less: Exceptional Items | | |
| Less: Extraordinary Items | | |
| Profit before Tax | 28,287 | 22,799 |
| Less: Current Tax | 7,888 | 5,496 |
| Deferred Tax | (1,263) | (244) |
| Current tax related to earlier years | | |
| Profit After Tax | 21,662 | 17,547 |
| Transfer to General Reserves | | |
| Earnings Per Share | 18.71 | 15.15 |
| Basic & Diluted | 18.71 | 15.15 |

## 2. STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK

During the period under review, the Company has earned revenue from operations of Rs. 23,85,12,754/- from rendering of services representing an increase of 18.10% over previous year.

## 3. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

## 4. DIVIDEND

Your Directors feel that it is prudent to plough back the profits for future growth of the company and do not recommend any dividend.

## 5. TRANSFER TO RESERVES

The Company has not proposed to transfer any amount to reserves.

## 6. CHANGES IN SHARE CAPITAL

There is no change in the structure of the share capital of the Company during the year under review.

## 7. CHANGE IN NATURE OF BUSINESS

There is no change in the nature of the business of the Company.

**8. ANNUAL RETURN**

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return of the Company for the Financial Year 2022-23 is available on the Company's website at https://www.perigord-as.com/

**9. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

There were no loans, guarantees or investments made by the Company under section 186 of the Companies Act 2013.

**10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

The are no material contracts or agreements entered with related parties pursuant to section 188 of the Companies Act, 2013 that is required to be disclosed in Form AOC 2.

**11. STATUTORY AUDITORS**

M/s BSR & CO. LLP, Chartered Accountants (FRN 101248W/W-100022) were appointed as the Statutory Auditors of the Company for a period of 5 years, to hold office from the conclusion of 6th AGM held in the year 2021 until the conclusion of 11th AGM to be held in the year 2026.

**12. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS**

There are no qualifications, reservations or adverse remarks made by the Auditors in their report.

**13. DETAILS OF DIRECTORS & KMP(s)**

During the year under review there was no appointment/resignation of Director. None of the directors were disqualified during the year under review.

**14. DIRECTORS RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility Statement:

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;

c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) the directors had prepared the annual accounts on a going concern basis;

e) the Company being unlisted, sub clause (e) of section 134(5) of the Companies Act, 2013 pertaining to laying down internal financial controls is not applicable to the Company;

f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 15. NUMBER OF BOARD MEETINGS/COMMITTEE MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

**BOARD OF DIRECTORS:**

During the period under review, the Board of Directors of the Company duly constituted as per provisions of Companies Act, 2013 is as under:

| Sr. No. | Name | Designation | DIN |
|---|---|---|---|
| 1. | Alan Martin Leamy | Director | 07185501 |
| 2. | Paul Thomas Leamy | Director | 07185497 |
| 3. | Manohar Alaparthi | Director | 07185517 |

The Board meets at regular intervals to discuss and decide on the Company and its business policies and strategies apart from other Board businesses. The Board met 4 times on the following dates during the year financial year under review:

| Sl. No. | Date of Board Meeting | No. of Directors attended |
|---|---|---|
| 1. | 21.07.2022 | 3 |
| 2. | 19.09.2022 | 2 |
| 3. | 21.12.2022 | 3 |
| 4. | 15.03.2023 | 3 |

**PRESENCE/ ATTENDANCE OF DIRECTORS IN THE MEETINGS:**

| Sr. No. | Name of Director | Board Meeting | | | Committee Meeting | | |
|---|---|---|---|---|---|---|---|
| | | No of Meeting held | No of Meeting attended | % | No of Meeting held | No of Meeting attended | % |
| 1. | Alan Martin Leamy | 4 | 4 | 100 | - | - | - |
| 2. | Paul Thomas Leamy | 4 | 3 | 75 | - | - | - |
| 3. | Manohar Alaparthi | 4 | 4 | 100 | - | - | - |

## 16. STATEMENT INDICATING THE MANNER IN WHICH FORMAL ANNUAL EVALUATION HAS BEEN MADE BY THE BOARD OF ITS OWN PERFORMANCE, ITS DIRECTORS, AND THAT OF ITS COMMITTEES

The disclosure with respect to formal annual evaluation by the board is not applicable to your Company.

## 17. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary Company or Joint Venture.

## 18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Part A and B pertaining to the conservation of energy and the technology absorption is not applicable to the company.

| C | Foreign Exchange Earnings/ Outgo: | (Rs. In thousands) |
|---|---|---|
| | Earnings | 2,31,931 |
| | Outgo | 47,514 |

## 19. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

The provisions related to Risk Management Policy development and implementations are not applicable to the company.

## 20. SECRETARIAL STANDARDS

Your directors state and confirm that the Company has complied with the secretarial standards as notified by the Institute of Company Secretaries of India and to the extent applicable to the Company.

**21. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES.**

The provisions relating to Corporate Social Responsibility are not applicable to the Company.

**22. PROVIDING VIGIL MECHANISM**

The provisions relating to Section 177(9) read with Rule 7 of the Companies (Meetings of the Board and its Powers), Rules, 2014 is not applicable to the company.

**23. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation was observed.

**24. PARTICULARS OF EMPLOYEES**

There are no employees whose details are required to be reported in terms of the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**25. DEPOSITS**

The Company has not accepted any deposits during the year under review.

**26. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013**

The Company has a “Prevention of Sexual Harassment Committee (POSH)”. The committee is responsible for end-to-end management and disposal of any cases that may be reported to it. During the year 2022-23, no case was reported and resolved by the committee within the time frame.

**27. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS**

During the year under review there has been no such significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company’s operations in future.

**28. OTHER MATTERS**

The following disclosures are not applicable to this company and hence no reporting is required:

| Sl. No | Particulars | Section & Rules |
|---|---|---|
| 1. | Secretarial Audit Report | Section 204(1) of the Companies Act, 2013. |
| 2. | Declaration of Independent Directors | Section 134(3)(d) read with Section 149(6) of the Companies Act, 2013. |
| 3. | Receipt of any Commission by MD / WTD from a Company or for receipt of Commission / Remuneration from its Holding or Subsidiary | Section 197(14) of the Companies Act, 2013. |
| 4. | Managerial Remuneration | Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. |
| 5. | Disclosure of Composition of Audit Committee | Section 177(8) read with Rule 6 of the Companies (Meetings of the Board and its Powers), Rules, 2014 |
| 6. | Nomination & Remuneration Committee Policy | Section 178(3) of the Companies Act, 2013. |
| 7. | Statement Indicating the Manner in which Formal Annual Evaluation has been made by the Board of its own performance, its Directors, and that of its Committees | Section 134(p) read with Rule 8(4) of Companies (Accounts) Rules, 2014. |
| 8. | Management Discussion and Analysis Report | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) |
| 9. | Corporate Governance | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) |
| 10. | Maintenance of Cost Records | Section 148(1) of the Companies Act, 2013 |

**29. ACKNOWLEDGEMENTS**

Your Directors place on record their sincere thanks to bankers, employees, consultants, and various Government Authorities for their continued support extended to your Company's activities during the year under review. Your Directors also acknowledge gratefully the shareholders for their support and confidence reposed on your Company.

For and on behalf of Board of Directors

**Perigord Premedia (India) Private Limited**

| | |
|---|---|
| Director | Director |
| **Name: Paul Thomas Leamy** | **Name: Alan Martin Leamy** |
| DIN: 07185497 | DIN: 07185501 |
| Date: 28.06.2023 | Date: 28.06.2023 |
| Place: Dublin,Ireland | Place: Dublin,Ireland |

# ANNEXURE

# FORM NO. AOC -2

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014**

Form for Disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms' length transaction under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at Arm's length basis: -**

| Sr. No. | Particulars | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | NA |
| b) | Nature of contracts/arrangements/transaction | NA |
| c) | Duration of the contracts/arrangements/transaction | NA |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | NA |
| e) | Justification for entering into such contracts or arrangements or transactions' | NA |
| f) | Date of approval by the Board | NA |
| g) | Amount paid as advances, if any | NA |
| h) | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | NA |

**2. Details of contracts or arrangements or transactions at Arm's length basis.**

**2A Cost Contract**

| Sr. No. | Particulars | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | Perigord Data Solutions Ltd, Ireland<br>Perigord Premedia Ltd, Ireland<br>Perigord Asset holdings Ltd, Ireland<br>Relationship: Co-subsidiaries of Tech Mahindra Ltd. |
| b) | Nature of contracts/ arrangements/ transaction | Cost recharges of software services |
| c) | Duration of contracts/ arrangements/ transaction | As long as any of the parties to the contract terminate. |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | Rs. 4,01,10,501.41 |
| e) | Date of approval by the Board | - |
| f) | Amount paid as advances, if any | NA |

**2B Revenue Contract**

| Sr. No. | Particulars | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | Perigord Premedia Ltd, Ireland<br>Relationship: Co-subsidiary of Tech Mahindra Ltd. |
| b) | Nature of contracts/ arrangements/ transaction | Revenue from operations |
| c) | Duration of contracts/ arrangements/ transaction | As long as any of the parties to the contract terminate. |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | Rs. 23,19,30,654 |
| e) | Date of approval by the Board | |
| f) | Amount paid as advances, if any | |

For and on behalf of Board of Directors

**Perigord Premedia (India) Private Limited**

Director
**Name: Paul Thomas Leamy**
DIN: 07185497

Date: 28.06.2023
Place: Dublin,Ireland

Director
**Name: Alan Martin Leamy**
DIN: 07185501

Date: 28.06.2023
Place: Dublin,Ireland

# INDEPENDENT AUDITOR'S REPORT

**To the Members of Perigord Premedia (India) Private Limited**

**Report on the Audit of the Financial Statements**

### Opinion

We have audited the financial statements of Perigord Premedia (India) Private Limited (the "Company") which comprise the balance sheet as at 31 March 2023, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 31 March 2023, and its profit and other comprehensive loss, 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 SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

### Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's directors' report, but does not include the financial statements and auditor's report(s) thereon.

Our opinion on the 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 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.

### Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are 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 the Board of Directors 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to 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 the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) 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 A. As required by Section 143(3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors as on 01 April 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.

B. 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:

a. The Company does not have any pending litigations which would impact its financial position.

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

d (i) The management has represented that, to the best of their knowledge and belief, other than as disclosed in the Note 32 (a) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The management has represented that, to the best of their knowledge and belief, other than as disclosed in the Note 32(b) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The Company has neither declared nor paid any dividend during the year.

f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

C. With respect to the matter to be included in the Auditor’s Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm’s Registration No.:101248W/W-100022

**Rahim Merchant**
Partner
Membership No.: 132907
ICAI UDIN:XXXXXXXXXXXXXXXXXX

Place: Pune
Date: 30 June 2023

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF PERIGORD PREMEDIA (INDIA) PRIVATE LIMITED FOR THE YEAR ENDED 31 MARCH 2023

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of 2 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies/discrepancy were/was noticed on such verification.

(c) The Company does not have any immovable property (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment including intangible assets during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company is a service company, primarily rendering technology enabled services. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of Provident Fund and Employee State Insurance.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues, which have not been deposited with the appropriate authorities on account of any dispute.

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(e) is not applicable.

(f) The Company has not raised any loan from any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(f) is not applicable.

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of 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. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) Establishment of vigil mechanism is not mandated for the Company. We have taken into consideration the whistle blower complaints received under the vigil mechanism established voluntarily by the Company during the and shared with us while determining the nature, timing and extent of our audit procedures.As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

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

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) (a) In our opinion and based on the information and explanations provided to us, the Company does not have an Internal Audit system and is not required to have an internal audit system as per Section 138 of the Act.

(b) In our opinion and based on the information and explanations provided to us, the Company does not have an internal audit system and is not required to have an internal audit system as per Section 138 of the Act. Accordingly, clause 3(xiv)(b) of the Order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) has more than one CIC as part of the Group. The Group has four CICs as part of the Group

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.:101248W/W-100022

**Rahim Merchant**
Partner
Membership No.: 132907
ICAI UDIN:XXXXXXXXXXXXXXXXXX

Place: Pune
Date: 30 June 2023

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF PERIGORD PREMEDIA (INDIA) PRIVATE LIMITED FOR THE YEAR ENDED 31 MARCH 2023

**Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act**

**(Referred to in paragraph 2(A)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

### Opinion

We have audited the internal financial controls with reference to financial statements of Perigord Premedia (India) Private Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

### Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

### Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to 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 controls with reference to financial statements include 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 with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.:101248W/W-100022

**Rahim Merchant**
Partner
Membership No.: 132907
ICAI UDIN:XXXXXXXXXXXXXXXXXX

Place: Pune
Date: 30 June 2023

# BALANCE SHEET AS AT MARCH 31, 2023

(Rupees in thousands, except as otherwise stated)

| | Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| | 1 | 2 | **3** | 4 |
| I | **Assets** | | | |
| | **Non-Current Assets** | | | |
| | (a) Property,Plant and Equipment | 3 | **15,646** | 14,194 |
| | (b) Right of use asset | 4 | **19,346** | - |
| | (c) Intangible assets | 5 | **730** | 1,203 |
| | (d) Deferred tax Assets(net) | 6 | **2,757** | 1,494 |
| | **Total Non-Current Assets** | | **38,479** | 16,891 |
| | **Current Assets** | | | |
| | (a) Financial Assets | | | |
| | (i) Trade Receivables | 7 | | |
| | - Billed | | **51,558** | 60,881 |
| | - Unbilled | | **981** | 313 |
| | (ii) Cash and cash equivalents | 8 | **25,921** | 20,681 |
| | (b) Other current assets | 9 | **31,481** | 8,504 |
| | **Total Current Assets** | | **109,941** | 90,379 |
| | **Total Assets** | | **148,420** | 107,270 |
| II | **Equity and Liabilities** | | | |
| | **Equity** | | | |
| | (a) Share Capital | 10 | **11,579** | 11,579 |
| | (b) Other Equity | 11 | **90,422** | 69,089 |
| | **Total Equity** | | **102,001** | 80,668 |
| | **Liabilities** | | | |
| | **Non - current liabilities:** | | | |
| | (a) Financial Liabilities | | | |
| | (i) Lease Liabilities | | **12,917** | - |
| | (b) Provisions | 12 | **3,008** | 3,838 |
| | **Total Non-Current Liabilities** | | **15,925** | 3,838 |

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Lease Liabilities | | **6,897** | - |
| (ii) Trade payables | 13 | | |
| - Dues of micro and small enterprises | | **95** | 42 |
| - Dues of creditors other than micro and small enterprises | | **15,481** | 14,520 |
| (b) Provisions | 14 | **2,979** | 950 |
| (c) Income tax liabilities (net) | | **1,336** | 835 |
| (d) Other Current Liabilities | 15 | **3,706** | 6,417 |
| **Total Current liabilities** | | **30,494** | 22,764 |
| **Total Equity and Liabilities** | | **148,420** | 107,270 |
| See accompanying notes forming part of the financial Statements | 1 to 34 | | |

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

For Perigord Premedia (India) Private Limited

**Rahim Merchant**
Partner
Membership No.: 132907

**Paul Thomas Leamy**
Director
DIN : 07185497

**Alan Martin Leamy**
Director
DIN : 07185501

Place : Pune
Date : 30.06.2023

Place: Dublin, Ireland
Date : 28.06.2023

Place: Dublin, Ireland
Date : 28.06.2023

# STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2023

(Rupees in thousands, except as otherwise stated)

| | **Particulars** | **Note No.** | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|---|---|
| I. | Revenue from operations | | **238,513** | 201,119 |
| II. | Other income | 16 | **335** | 695 |
| **III.** | **Total Revenue (I + II)** | | **238,848** | 201,814 |
| **IV.** | **Expenses:** | | | |
| | Employee benefits expense | 17 | **133,971** | 111,617 |
| | Finance costs | 18 | **2,226** | 164 |
| | Depreciation and amortization expense | 19 | **15,201** | 8,525 |
| | Other expenses | 20 | **59,163** | 58,709 |
| | | | **210,561** | 179,015 |
| **V.** | **Profit before tax (III-IV)** | | **28,287** | 22,799 |
| VI | Tax expense: | | | |
| | (1) Current tax | | **7,888** | 5,496 |
| | (2) Deferred tax | 6 | **(1,263)** | (244) |
| **VII** | **Profit for the period** | | **21,662** | 17,547 |
| | **Other Comprehensive (loss)/income:** | | | |
| | Other comprehensive income not to be reclassified to profit or loss in subsequent periods: | | | |
| | Re-measurement (gain) on defined benefit obligations (net) | | **440** | (1,387) |
| | Tax on Re-measurement of defined benefit plans | | **111** | (349) |
| **VIII** | **Other Comprehensive (loss)/income:** | | **(329)** | 1,038 |
| **IX** | **Total comprehensive income for the year, net of tax (VII+VIII)** | | **21,333** | 18,585 |
| **X** | Earnings per equity share: | 21 | | |
| | (1) Basic | | **18.71** | 15.15 |
| | (2) Diluted | | **18.71** | 15.15 |
| | See accompanying notes forming part of the Financial Statements | 1 to 34 | | |

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

For Perigord Premedia (India) Private Limited

**Rahim Merchant**
Partner
Membership No.: 132907

**Paul Thomas Leamy**
Director
DIN : 07185497

**Alan Martin Leamy**
Director
DIN : 07185501

Place : Pune
Date :

Place: Dublin, Ireland
Date :

Place: Dublin, Ireland
Date :

# STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH 2023

(Rupees in thousands, except as otherwise stated)

## A. Equity Share Capital

| Particulars | Amount |
|---|---|
| Balance at 1 April 2021 | 11,579 |
| Balance at 31 March 2022 | 11,579 |
| Balance at 31 March 2023 | 11,579 |

## B. Other Equity

| Particulars | Reserves and Surplus | | TOTAL |
|---|---|---|---|
| | Securities Premium | Retained Earnings | |
| **Balance at 1 April 2021** | 11,479 | 39,025 | 50,504 |
| Profit for the Year | - | 17,547 | 17,547 |
| Other Comprehensive income | | 1,038 | 1,038 |
| **Balance at 31 March 2022** | **11,479** | **57,610** | **69,089** |
| Profit for the Year | - | 21,662 | 21,662 |
| Other Comprehensive income | - | (329) | (329) |
| **Balance at 31 March 2023** | **11,479** | **78,943** | **90,422** |

**Securities Premium:**

Securities premium reserve is used to record the premium on issue of shares.

**Retained earnings:**

Retained earnings represents the undistributed profits of the Company accumulated as on Balance Sheet date.

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

For Perigord Premedia (India) Private Limited

**Rahim Merchant**
Partner
Membership No.: 132907

**Paul Thomas Leamy**
Director
DIN : 07185497

**Alan Martin Leamy**
Director
DIN : 07185501

Place : Pune
Date : 30.06.2023

Place: Dublin, Ireland
Date : 28.06.2023

Place: Dublin, Ireland
Date : 28.06.2023

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2023

(Rupees in thousands, except as otherwise stated)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES:** | | |
| Net profit before taxation, and extraordinary items | **28,287** | 22,799 |
| Adjusted for : | | |
| Depreciation and Amortization expense | **15,201** | 8,525 |
| Finance cost | **2,226** | 164 |
| | **45,714** | 31,488 |
| **Net change in:** | | |
| Inventories | **-** | 841 |
| Trade Receivables | **8,990** | (33,618) |
| Other financial assets and other assets | **(22,978)** | 3,991 |
| Trade Payables | **1,014** | 12,858 |
| Other financial liabilities, other liabilities and provisions | **(1,952)** | 215 |
| Cash generated from operating activities before taxes | **30,788** | 15,775 |
| Income taxes paid, net | **(7,275)** | (7,584) |
| **Net cash generated from operating activities** | **23,513** | 8,191 |
| **B. CASH FLOW FROM INVESTING ACTIVITIES:** | | |
| Purchase of Property , Plant and Equipment and Intangible Assets | **(13,060)** | (16,080) |
| **Net cash generated from/ (used in) investing activities** | **(13,060)** | (16,080) |
| **C. CASH FLOW FROM FINANCING ACTIVITIES:** | | |
| Repayment of Lease Liabilities | **(3,349)** | - |
| Finance cost paid | **(1,529)** | (164) |
| **Net cash from/ (used in) financing activities** | **(4,878)** | (164) |
| **D. Net increase / (decrease) in cash and cash equivalents during the year** | **5,575** | (8,053) |
| **E. Effect of exchange rate changes on cash and cash equivalents** | **(335)** | (429) |
| **F. Cash and cash equivalents at the beginning of the year** | **20,681** | 29,163 |
| **G. Cash and cash equivalents at the end of the year** | **25,921** | 20,681 |

1. Figures in brackets represent outflow of cash and cash equivalents.

2. The above cash flow statement has been prepared under the indirect method as set out in Ind AS 7 on Cash Flow Statements.

3. During the current and previous period, there were no non-cash changes in financial liabilities resulting from financing activities. Accordingly, the reconciliation between opening and closing balances in the balance sheet for liabilities arising from financing acivities including both changes arising from cash flow and non-cash flow changes as required based on paragraph 44 of Ind AS 7 on “Statement of Cash Flows” has not been given.

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

For Perigord Premedia (India) Private Limited

**Rahim Merchant**
Partner
Membership No.: 132907

**Paul Thomas Leamy**
Director
DIN : 07185497

**Alan Martin Leamy**
Director
DIN : 07185501

Place : Pune
Date : 30.06.2023

Place: Dublin, Ireland
Date : 28.06.2023

Place: Dublin, Ireland
Date : 28.06.2023

**Company overview and Summary of significant accounting policies**

**1. Company information**

Perigord Premedia (India) Private Limited (the company) is a private limited company incorporated under the provisions of the Companies Act, 1956. The company is engaged in the business of Data Processing. The address of the registered office is Unit10A,B,C,D, 10th Floor, Vaishnavi Cynosure, 2-48/5/6, PlotNo19, SYNo18, Telecom Nagar Extension, Gachibowli, Hyderabad, Telangana, 500 032, India. As per the proviso to section 2(71) of the Companies Act, 2013, the Company is deemed to be public company.

**2. Significant accounting policies:**

**2.1 Statement of Compliance:**

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

**2.2 Basis for preparation of financial statements**

These financial statements are presented in Indian rupees ("INR") which is also the Company's functional currency. All amounts have been reported in Indian Rupees, except for share and earnings per share data, unless otherwise stated. These financial statements have been prepared on the historical cost basis and on an accrual basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. The Company's normal operating cycle is twelve months. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purpose in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 Share-based Payments, leasing transactions that are within the scope of Ind AS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as 'value in use', in Ind AS 36 Impairment of assets."

**2.3 Use of Estimates:**

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**Critical accounting estimates**

**i) Income taxes and deferred taxes**

The Company operates in Indian tax jurisdiction. 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. Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, 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 profit or loss at the time of the transaction, 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. The policy for the same has been explained under Note 2.10.

**ii) Property, plant and equipment**

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation 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 at the end of each reporting period. 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. The policy for the same has been explained under Note 2.4.

**Company overview and Summary of significant accounting policies**

**iii) Provisions**

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. The policy for the same has been explained under Note 2.12.

**iv) Defined benefit plans and compensated absences**

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. 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 policy for the same has been explained under Note 2.9.

**v) Expected credit losses on financial assets**

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. The policy for the same has been explained under Note 2.8.

**2.4 Property, Plant & Equipment and Intangible assets:**

Property, Plant & Equipment and intangible assets are stated at cost less accumulated depreciation/amortisation and net of impairment. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable costs of bringing the item to its working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located. 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 as at each reporting date is disclosed under capital work in progress.

Depreciable amount for assets is the cost of an asset, less its estimated residual value. Depreciation on Property, Plant & Equipment (including assets taken on lease), other than freehold land, is charged based on the straight line method on the estimated useful life as prescribed in Schedule II to the Companies Act, 2013 except in respect of the certain categories of assets, where the life of the assets has been assessed based on internal technical estimate, considering the nature of the asset and estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes.

**The estimated useful lives of assets are as follows:**

| **Particulars** | **Life (Years)** |
|---|---|
| Office Equipment | 5 |
| Furniture & Fixtures | 10 |
| Computer Systems – other than servers | 3 |
| Plant & Machinery | 10 |
| Intangible assets (Software) | 3 to 6 |

The estimated useful life and residual values of Property, Plant & Equipment and Intangible assets are reviewed at the end of each reporting period.

**Company overview and Summary of significant accounting policies**

Assets acquired under leasehold improvements are amortized over the shorter of estimated useful life of the asset or the related lease term.

An item of Property, Plant & Equipment and intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant & Equipment and intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss. When the use of a property changes from owner occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

**2.5 Leases:**

At inception of the contract, the Company determines whether the contract is a lease or contains a lease arrangement. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss. The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

**Company as a lessor**

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor’s net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from Customer Contracts to allocate the consideration in the contract.

**Company overview and Summary of significant accounting policies**

**Short-term leases and leases of low-value assets**

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The company recognises the lease payments associated with these leases as “rent” expense in profit or loss on a straight-line basis over the lease term.

**2.6 Revenue recognition:**

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services, net of indirect taxes, discounts, rebates, credits, price concessions, incentives, performance bonuses, penalties, or other similar items. Revenue from time and material contracts is recognised as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognised as unbilled revenue.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. The Company acts as a sub-contractor to its Group Companies (Tech Mahindra Group) for which it is remunerated on cost plus markup basis. Revenue from these cost plus contracts is recognised based on the terms of the contract over the service period. Invoices for services are issued on a monthly basis and are usually payable within 45 days. The Company disaggregates revenue from contracts with customers by geography verticals.

**2.7 Foreign currency transactions:**

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the date of Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised in the statement of profit and loss.

**2.8 Financial Instruments:**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price. 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 FVTPL) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in statement of profit and loss.

**i) Non-derivative financial instruments:**

**Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost using the effective interest method less impairment losses, if these financial assets are held within a business model 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.

**Financial assets at fair value**

Financial assets not measured at amortised cost are carried at fair value through profit or loss (FVTPL) on initial recognition, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in ‘other comprehensive income’, for investment in equity instruments which are not held for trading. The Company, on initial application of IND AS 109 Financial Instruments, has made an irrevocable election to present in ‘other comprehensive income’, subsequent changes in fair value of equity instruments not held for trading.

**Company overview and Summary of significant accounting policies**

Financial asset at FVTPL, are measured at fair values at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the statement of profit and loss."

**Financial liabilities**

Financial liabilities are subsequently carried at amortised cost using the effective interest rate method or at FVTPL. For financial liabilities carried at amortised cost, the carrying amounts approximate fair values due to the short term maturities of these instruments. Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised in a business combination, or is held for trading or it is designated as FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in statement of profit and loss.

**ii) Derecognition of financial instruments**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the risk and rewards of transferred financial assets, the Company continues to recognise the financial asset and also recognises the borrowing for the proceeds received. The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or have expired.

**2.9. Retirement and other employee benefits**

**(a) Defined Benefit Plan**

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's last drawn salary and the tenure of the employment.

**(b) Defined Contribution Plans**

**(i) Provident fund:**

The eligible employees of the Company are entitled to receive the benefits of Provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary which are charged to the statement of profit and loss on accrual basis. The provident fund contributions are paid to the Regional Provident Fund Commissioner by the Company. The Company has no further obligations for future provident fund.

**(ii) ESIC:**

Contributions to employees' state insurance scheme (ESI), which is defined contribution schemes, are charged to the statement of profit and loss on an accrual basis.

**(c) Compensated absences:**

The Company provides for compensated absences and long term service awards subject to Company's rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is accrued based on the number of days of unavailed leave at each Balance Sheet date and the awards are accrued based on number of years of service of an employee.

**2.10 Taxation:**

**Current tax**

Tax expense comprises of current tax and deferred tax. 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. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemptions in accordance with the local tax laws.

**Company overview and Summary of significant accounting policies**

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 equity, in which case, the income taxes are recognised in other comprehensive income or directly in equity, respectively.

The current income tax expense includes income taxes payable by the Company in India.

Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit has a legally enforceable right and intends to settle the asset and liability on a net basis.

**Deferred tax**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred income tax assets are recognised 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 utilised. The carrying amount of deferred 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 utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

Deferred tax assets and liabilities are offset when it relates to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

The Company recognises interest levied and penalties related to income tax assessments in interest expenses.

**2.11 Earnings per Share:**

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the period.

For calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

**2.12 Provisions and Contingent Liabilities:**

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance costs.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

**2.13. Recent pronouncements**

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**Company overview and Summary of significant accounting policies**

**Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements.

The Company does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates.

Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**Notes to Financial Statements for the year ended March 31, 2023**

(Rupees in thousands, except as otherwise stated)

**Note-3: Property Plant and Equipment**

| | Office Equipment | Furniture & Fixtures | Computers | Plant and Machinery | Total |
|---|---|---|---|---|---|
| **Gross block** | | | | | |
| As at 1st April 2021 | 803 | 257 | 31,149 | 765 | 32,974 |
| Additions | 17 | - | 16,058 | - | 16,075 |
| As at 31st March 2022 | **820** | **257** | **47,207** | **765** | **49,049** |
| Additions | 13 | 56 | 12,999 | - | 13,068 |
| Disposals | - | | 219 | - | 219 |
| **As at 31st March 2023** | **833** | **313** | **59,987** | **765** | **61,898** |
| Accumulated depreciation | | | | | |
| As at 1st April 2021 | 675 | 133 | 25,732 | 571 | 27,111 |
| Charge for the year | 59 | 32 | 7,597 | 56 | 7,744 |
| As at 31st March 2022 | **734** | **165** | **33,329** | **627** | **34,855** |
| Charge for the year | 39 | 33 | 11,497 | 39 | 11,608 |
| Disposals | | | 211 | - | 211 |
| As at 31st March 2023 | **773** | **198** | **44,615** | **666** | **46,252** |
| **Net block** | | | | | |
| As at 31st March 2022 | 86 | 92 | 13,878 | 138 | 14,194 |
| **As at 31st March 2023** | **60** | **115** | **15,372** | **99** | **15,646** |

**Note-4: Right of use asset**

| | Right of use asset | Total |
|---|---|---|
| **Gross block** | | |
| As at 1st April 2021 | - | - |
| Additions | - | - |
| As at 31st March 2022 | - | - |
| Additions | 22,466 | 22,466 |
| **As at 31st March 2023** | **22,466** | **22,466** |
| **Accumulated depreciation** | | |
| As at 1st April 2021 | - | - |
| Charge for the year | - | - |
| As at 31st March 2022 | - | - |
| Charge for the year | 3,120 | 3,120 |
| **As at 31st March 2023** | **3,120** | **3,120** |
| **Net block** | | |
| As at 31st March 2022 | - | - |
| **As at 31st March 2023** | **19,346** | **19,346** |

**Notes to Financial Statements for the year ended March 31, 2023**

(Rupees in thousands, except as otherwise stated)

**Note-5: Intagible assets**

| | Intangible Assets | Total |
|---|---|---|
| **Gross block** | | |
| As at 1st April 2021 | **3,744** | **3,744** |
| Additions | 5 | 5 |
| As at 31st March 2022 | **3,749** | **3,749** |
| Additions | - | - |
| **As at 31st March 2023** | 3,749 | 3,749 |
| **Accumulated depreciation** | | |
| As at 1st April 2021 | 1,765 | 1,765 |
| Charge for the year | 781 | 781 |
| As at 31st March 2022 | **2,546** | **2,546** |
| Charge for the year | 473 | 473 |
| **As at 31st March 2023** | **3,019** | **3,019** |
| Net block | | |
| As at 31st March 2022 | 1,203 | 1,203 |
| **As at 31st March 2023** | **730** | **730** |

**Note-6: Deferred Tax**

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Deferred tax asset attributable to: | | |
| Property, Plant & Equipment and Intangible assets | **854** | 932 |
| Provision for Employee benefits | **1,786** | 562 |
| Other items | **117** | - |
| **Total** | **2,757** | 1,494 |

**Note-7: Trade Receivables**

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Considered good - Unsecured | **51,558** | 60,881 |
| Less: Allowance for expected credit loss | **-** | - |
| **Considered good** | **51,558** | 60,881 |
| Credit impaired - Unsecured | **-** | - |
| Less: Allowance for credit impairment | **-** | - |
| **Credit impaired** | **-** | - |
| **Trade Receivables - Billed (A)** | **51,558** | 60,881 |
| **Trade Receivables - Unbilled (B)** | **981** | 313 |
| **Total** | **52,539** | 61,194 |

**Notes to Financial Statements for the year ended March 31, 2023**
(Rupees in thousands, except as otherwise stated)

**Note-8: Cash and Cash Equivalents**

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Cash In Hand | **4** | 7 |
| Remittances in transit | **20,234** | - |
| Balances with banks | | |
| In Current Account | **5,683** | 20,674 |
| **Total** | **25,921** | 20,681 |

**Note-9: Other Current Assets**

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Balances with government authorities | **19,482** | 3,525 |
| Security deposits (Unsecured, considered good) | **3,527** | 3,524 |
| Other loans and advances (unsecured) | **671** | 713 |
| Prepaid insurance | **391** | 418 |
| Prepaid expenses | **7,410** | 324 |
| **Total** | **31,481** | 8,504 |

**Note-10: Share Capital**

| **Particulars** | **March 31, 2023** | | **March 31, 2022** | |
|---|---|---|---|---|
| | **Number in thousands** | **Amount (Rs.)** | **Number in thousands** | **Amount (Rs.)** |
| **Authorised** | | | | |
| Equity Shares of Rs.10/- each | 2,000 | 20,000 | 2,000 | 20,000 |
| **Issued** | | | | |
| Equity Shares of Rs.10/- each fully paid | 1,158 | 11,579 | 1,158 | 11,579 |
| **Subscribed & Paid up** | | | | |
| Equity Shares of Rs.10/- each fully paid | 1,158 | 11,579 | 1,158 | 11,579 |
| **Total** | **1,158** | **11,579** | **1,158** | **11,579** |

**Reconciliation of number of shares outstanding for the period**

| **Particulars** | **March 31, 2023** | | **March 31, 2022** | |
|---|---|---|---|---|
| | **Number in thousands** | **Amount (Rs.)** | **Number in thousands** | **Amount (Rs.)** |
| **Equity Shares** | | | | |
| Shares outstanding at the beginning of the year | 1,158 | 11,579 | 1,158 | 11,579 |
| Shares Issued during the year | - | - | - | - |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | **1,158** | **11,579** | **1,158** | **11,579** |

**Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.10/- per share and all the equity shares carry equal voting rights.

In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Notes to Financial Statements for the year ended March 31, 2023**

(Rupees in thousands, except as otherwise stated)

**Details of promoters holding more than 5% equity shares in the Company**

| Particulars | As at March 31,2023 | | As at March 31,2022 | | % Change during the year |
|---|---|---|---|---|---|
| | Number | % Share holding | Number | % Share holding | |
| Tech Mahindra Ltd | 1,157,879 | 99.9999 | 1,157,879 | 99.9999 | - |
| Tech Mahindra Ltd (shares held by Mr. Manohar Alaparthi as nominee of Tech Mahindra Ltd) | 1 | 0.0001 | 1 | 0.0001 | - |
| | **1,157,880** | **100.00** | **1,157,880** | **100.00** | **-** |

**Note-11: Other Equity**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| **Reserves and Surplus** | | |
| **Securities premium account** | | |
| Opening balance | **11,479** | 11,479 |
| Add: Premium on shares issued during the year | **-** | - |
| Closing balance | **11,479** | 11,479 |
| **General Reserve** | | |
| Opening balance | **57,610** | 39,025 |
| Profit/(loss) for the period | **21,662** | 17,547 |
| Other Comprehensive Income | **(329)** | 1,038 |
| Closing balance | **78,943** | 57,610 |
| **Total** | **90,422** | 69,089 |

**Note-12: Provisions - Non current**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Provision for Gratuity | **984** | 1,771 |
| Provision for Leave encashment | **2,024** | 2,067 |
| **Total** | **3,008** | 3,838 |

**Note-13: Trade Payables**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Dues of micro and small enterprises | **95** | 42 |
| Dues of creditors other than micro and small enterprises | **15,481** | 14,520 |
| **Total** | **15,576** | 14,562 |

**Note-14: Provisions - Current**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Provision for Gratuity | **2,368** | 593 |
| Provision for Leave encashment | **611** | 357 |
| **Total** | **2,979** | 950 |

**Notes to Financial Statements for the year ended March 31, 2023**

(Rupees in thousands, except as otherwise stated)

### Note-15: Other Current Liabilities

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Accrued Salaries and Benefits | **1,123** | 2,856 |
| Other Current Liabilities | **983** | 1,462 |
| Statutory Liabilitites | **1,600** | 2,099 |
| **Total** | **3,706** | 6,417 |

### Note-16: Other Income

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Interest on Income Tax Refund | **-** | 120 |
| Sundry Creditors written off | **-** | 111 |
| Other income | **-** | 35 |
| Foreign Exchange Gain (net) | **335** | 429 |
| **Total** | **335** | 695 |

### Note-17: Employee Benefit Expenses

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Salaries, wages and bonus | **118,790** | 100,825 |
| Contribution to provident and other funds | **9,543** | 7,722 |
| Contribution to Gratuity fund (refer note 28) | **1,591** | 1,630 |
| Staff welfare expenses | **4,047** | 1,440 |
| **Total** | **133,971** | 111,617 |

### Note-18: Finance Costs

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Bank Charges | **294** | 164 |
| Interest on GST late payment | **1235** | - |
| Interest expense on Lease Liability | **697** | - |
| **Total** | **2,226** | 164 |

### Note-19: Depreciation and amortization expense

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Depreciation of Property, plant and equipment | **11608** | 7,744 |
| Depreciation on Right of Use Asset | **3120** | - |
| Amortization of Intangible assets | **473** | 781 |
| **Total** | **15,201** | 8,525 |

**Notes to Financial Statements for the year ended March 31, 2023**

(Rupees in thousands, except as otherwise stated)

**Note-20: Other expenses**

| **Particulars** | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Internet Charges | **2,229** | 2,256 |
| Rent | **4,465** | 7,442 |
| Electricity and Fuel | **1,593** | 1,082 |
| Repairs and maintenance | | |
| Office | **206** | 848 |
| Computer | **730** | 238 |
| Others | **374** | 346 |
| Insurance | **436** | 770 |
| Professional and Consultancy charges | **3,127** | 446 |
| Security charges | **260** | 258 |
| Software services | **40,110** | 40,934 |
| Software Licence | **4,260** | 78 |
| Payment to auditor (Refer details below) | **500** | 200 |
| Rates and taxes | **219** | 203 |
| Training Expenses | **232** | 1,334 |
| Administrative and other miscellaneous expenses | **422** | 1,690 |
| Non claimable GST | **-** | 584 |
| **Total** | **59,163** | 58,709 |
| | | |
| Payment to auditor | **500** | 200 |
| Statutory Audit fee | **500** | 200 |

**Note-21: Earning Per Share**

| **Particulars** | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Profit after tax (INR in thousands) | **21,662** | 17,547 |
| Weighted average number of equity shares in calculating basic and diluted EPS (number in thousands) | **1,158** | 1,158 |
| Face value per share (INR) | **10** | 10 |
| Earnings per share (EPS) - Basic & Diluted (Rs.) | **18.71** | 15.15 |

**Note-22: Segment information**

**Business segment:**

The Company is engaged in the business of providing services connected to Data processing. As the Company is engaged in only one business segment, the balance sheet as at March 31, 2023 and statement of profit and loss for the year ended then pertain to only one business segment.

**Geographical segment:**

During the year ended March 31, 2023 under report, the company has engaged in its business only with the companies in Ireland and India, not in any other country. Country wise revenue is disclosed as under:

| **Particulars** | **For the year ended March 31,2023** | | **For the year ended March 31,2022** | |
|---|---|---|---|---|
| | **India** | **Ireland** | **India** | **Ireland** |
| Services during the year | 6,582 | 231,931 | 4,143 | 196,976 |

**Notes to Financial Statements for the year ended March 31, 2023**

(Rupees in thousands, except as otherwise stated)

**Note-23: Financial risk management**

**Financial risk factors:**

The Company's activities expose it to a variety of financial risks . The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign currency risk. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

**Market risk**

Market risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the rendering of services in Ireland. The exchange rate between the Indian rupee and euro has changed in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are not adversely affected as the receipts from foreign debtors are in regular.

**Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and credit worthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled revenue, cash and cash equivalents, and other financial assets. None of the financial instruments of the company result in material concentration of credit risk.

**Liquidity risk**

Liquidity risk refers to the risk that the company cannot meet its financial obligation. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2023:

| Particulars | Less than 1 year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|
| Trade payables | 15,576 | - | - | 15,576 |
| Lease liabilities | 8,205 | 13,784 | - | 21,989 |
| Borrowings | - | - | - | - |
| Other Financial Liabilities | - | - | - | - |

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2022:

| Particulars | Less than 1 year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|
| Trade payables | 14,562 | - | - | 14,562 |
| Lease liabilities | - | - | - | - |
| Borrowings | - | - | - | - |
| Other Financial Liabilities | - | - | - | - |

**Notes to Financial Statements for the year ended March 31, 2023**

(Rupees in thousands, except as otherwise stated)

**Note -24: Capital Management**

The Company's objective while managing capital is to safeguard its ability to continue as a going concern (so that it is enabled to provide returns and create value for its shareholders, and benefits for other stakeholders), support business stability and growth. However, the key objective of the Company's capital management is to, ensure that it maintains a stable capital structure with the focus on total equity,creditor and customer confidence, and ensure future development of its business activities and appropriate return to shareholders in terms of dividend payout. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements.

**Note-25: Fair value measurement**

The carrying value of financial instruments by categories as on March 31, 2023

| Particulars | Amortised cost | Fair value through OCI | Fair value through Profit or Loss | Total |
|---|---|---|---|---|
| Financial Assets | | | | |
| Trade Receivables | 52,539 | - | - | 52,539 |
| Cash and Cash Equivalents | 25,921 | - | - | 25,921 |
| **Total** | **78,460** | **-** | **-** | **78,460** |
| | | | | |
| Financial Liabilities | | | | |
| Trade payables | 15,576 | - | - | 15,576 |
| Lease liabilities | 8,205 | 13,784 | - | 21,989 |
| **Total** | **23,781** | **13,784** | **-** | **37,565** |

The carrying value of financial instruments by categories as on March 31, 2022

| Particulars | Amortised cost | Fair value through OCI | Fair value through Profit or Loss | Total |
|---|---|---|---|---|
| Financial Assets | | | | |
| Trade Receivables | 61,194 | - | - | 61,194 |
| Cash and Cash Equivalents | 20,681 | - | - | 20,681 |
| **Total** | **81,875** | **-** | **-** | **81,875** |
| | | | | |
| Financial Liabilities | | | | |
| Trade payables | 14,562 | - | - | 14,562 |
| **Total** | **14,562** | **-** | **-** | **14,562** |

**Fair value hierarchy**

Level 1 - Quoted prices (unadjusted) 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)

**Notes to Financial Statements for the year ended March 31, 2023**

(Rupees in thousands, except as otherwise stated)

**Ageing for trade payables outstanding as at March 31, 2023 is as follows:**

| Particulars | Outstanding for following periods from due date of payments | | | | | |
|---|---|---|---|---|---|---|
| | Not Due | Less than 1 year | 1-2 yrs. | 2-3 yrs. | More than 3 years | Total |
| MSME* | 95 | - | - | - | - | 95 |
| Others | 10,212 | 859 | 4,409 | - | - | 15,480 |
| Disputed dues- MSME | - | - | - | - | - | - |
| Disputed dues- Others | - | - | - | - | - | - |
| **Total** | **10,307** | **859** | **4,409** | **-** | **-** | **15,575** |

**Ageing for trade payables outstanding as at March 31, 2022 is as follows:**

| Particulars | Outstanding for following periods from due date of payments | | | | | |
|---|---|---|---|---|---|---|
| | Not Due | Less than 1 year | 1-2 yrs. | 2-3 yrs. | More than 3 years | Total |
| MSME* | 42 | - | - | - | - | 42 |
| Others | 3803 | 10,717 | - | - | - | 14,520 |
| Disputed dues- MSME | - | - | - | - | - | - |
| Disputed dues- Others | - | - | - | - | - | - |
| **Total** | **3,845** | **10,717** | **-** | **-** | **-** | **14,562** |

*MSME as per Micro, Small and, Medium and Enterprises Development Act, 2006.

**Ageing for trade receivables outstanding as at March 31, 2023 is as follows:**

| Particulars | Outstanding for following periods from due date of payments | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months - 1 year | 1-2 yrs | 2-3 yrs | More than 3 years | Total |
| Undisputed trade receivables- considered good | 30,685 | 20,873 | - | - | - | - | 51,558 |
| Undisputed trade receivables- which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed trade receivables- credit impaired | - | - | - | - | - | - | - |
| Disputed trade receivables- considered good | - | - | - | - | - | - | - |
| Disputed trade receivables- which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed trade receivables- credit impaired | - | - | - | - | - | - | - |
| **Total** | **30,685** | **20,873** | **-** | **-** | **-** | **-** | **51,558** |
| Trade receivables - unbilled | | | | | | | 981 |
| | | | | | | | **52,539** |

**Notes to Financial Statements for the year ended March 31, 2023**

(Rupees in thousands, except as otherwise stated)

**Ageing for trade receivables outstanding as at March 31, 202 is as follows:**

| Particulars | Outstanding for following periods from due date of payments | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months - 1 year | 1-2 yrs | 2-3 yrs | More than 3 years | Total |
| Undisputed trade receivables- considered good | 44,495 | 16,386 | - | - | - | - | 60,881 |
| Undisputed trade receivables- which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed trade receivables- credit impaired | - | - | - | - | - | - | - |
| Disputed trade receivables- considered good | - | - | - | - | - | - | - |
| Disputed trade receivables- which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed trade receivables- credit impaired | - | - | - | - | - | - | - |
| **Total** | **44,495** | **16,386** | **-** | **-** | **-** | **-** | **60,881** |
| Trade receivables - unbilled | | | | | | | 313 |
| | | | | | | | **61,194** |

**Note-26: Disclosure as per IND AS 116-Leases**

| **Particulars** | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Minimum Lease Payments | | |
| - Not later than one year | **8,205** | - |
| - Later than one year and not later than five years | **13,784** | - |
| - Later than five years | **-** | - |

**Amounts recognised in statements of cash flows:**

| **Particulars** | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Cash outflow for leases | **3,349** | - |
| **Total** | **3,349** | - |

**Note-27: Related party disclosures**

**a. Names of the related parties and description of relationship:**

| Nature of relationship | Name of the related party |
|---|---|
| i. Holding Company | Tech Mahindra Ltd |
| ii. Group Companies where the holding company exercises significant influence | Perigord Premedia Ltd., Ireland |
| | Perigord Data Solutions Ltd., Ireland |
| | Perigord Asset Holdings Ltd., Ireland |
| iii. Key managerial personnel | 1.Manohar Alaparthi, Director |
| | 2.Alan Martin Leamy, Director |
| | 3.Paul Thomas Leamy, Director |

**Notes to Financial Statements for the year ended March 31, 2023**
(Rupees in thousands, except as otherwise stated)

**b. Summary of transactions with aforesaid parties**

| | **March 31,2023** | March 31,2022 |
|---|---|---|
| Group Companies where the holding company exercises significant influence | | |
| Perigord Premedia Ltd., Ireland | | |
| Income from services | **231,931** | 196,976 |
| Software expenses | **36,486** | 40,934 |
| Perigord Data Solutions Ltd., Ireland | | |
| Software expenses | **106** | - |
| Perigord Asset Holdings Ltd., Ireland | | |
| Software expenses | **3,518** | - |

**c. Amount outstanding as at the balance sheet date:**

| | **March 31,2023** | March 31,2022 |
|---|---|---|
| Group Companies where the holding company exercises significant influence | | |
| Perigord Premedia Ltd., Ireland | | |
| - Trade receivables | **49,874** | 59,895 |
| - Trade payables | **10,151** | 9,921 |
| Perigord Asset Holdings Ltd., Ireland | | |
| - Trade payables | **977** | - |

**Note-28. Current Tax and Deferred Tax**

The income tax expense for the year ended can be reconciled to the accounting profit as follows:

| **Particulars** | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Profit before tax | **27,846** | 24,186 |
| Enacted tax rate* | **25.17%** | 25.17% |
| Income tax expense calculated at enacted tax rate | **7,008** | 6,087 |
| Effect of expenses disallowed for tax purpose | **845** | 88 |
| Effect of change in tax rate* | | 40 |
| Effect of income taxes related to prior years | **(76)** | (963) |
| **Income tax expense recognised in statement of profit and loss** | **7,777** | 5,252 |

* The Company has opted concessional tax rate under section 115BBA of Income Tax Act, 1961.

**Deferred Tax:**

The following is the analysis of Deferred Tax Assets presented in the Balance Sheet:

| **Particulars** | **As at March 31,2023** | As at March 31,2022 |
|---|---|---|
| Deferred tax assets | **2,757** | 1,494 |
| Deferred tax liabilities | **-** | - |
| **Deferred tax (net)** | **2,757** | 1,494 |

**Notes to Financial Statements for the year ended March 31, 2023**

(Rupees in thousands, except as otherwise stated)

**Note-29: Retirement and other employee benefits**

The valuation results for the Gratuity Benefit plan as at March 31, 2023 & March 31, 2022 are produced in the tables below:

| | **March 31,2023** | March 31,2022 |
|---|---|---|
| **A)Present Value of Benefit Obligations** | | |
| **Present Value of Obligation as on April 1** | **5,942** | 5,606 |
| Current Service Cost | **1,425** | 1,476 |
| Interest Cost | **446** | 381 |
| Re-measurement (or Actuarial (gain) / loss) arising from: | | |
| - change in financial assumptions | **(287)** | (62) |
| - experience variance (Actual v/s assumptions) | **669** | (1,343) |
| Benefits Paid | **(902)** | (116) |
| **Present Value of Obligation as on the March 31** | **7,293** | 5,942 |
| **B) Assets and Liability (Balance Sheet Position)** | | |
| Present Value of Benefit Obligation | **(7,292)** | (5,941) |
| Fair Value of Plan Assets | **4,013** | 3,694 |
| **Net Asset / (Liability)** | **(3,279)** | (2,247) |
| **C) Bifurcation of Net Liability:** | | |
| Current Liability (Short term) | **(2,368)** | (593) |
| Non-Current Liability (Long term) | **(911)** | (1,654) |
| **Total Liability** | **(3,279)** | (2,247) |
| **D) Expenses Recognised in the Income Statement** | | |
| Current Service Cost | **1,425** | 1,476 |
| Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset) | **165** | 154 |
| **Expenses Recognised in the Income Statement** | **1,590** | 1,630 |
| **E) Other Comprehensive Income** | | |
| Actuarial loss / (gains) on Liability | **382** | (1,405) |
| Return on Plan Assets excluding amount included in 'Net interest on net Defined Liability / (Asset)' above | **58** | 18 |
| **Total** | **440** | (1,387) |
| **F) Changes In fair value of Plan Assets** | | |
| **Fair Value of Plan Assets as on April 1** | **3,694** | 3,202 |
| Expected return on Plan Assets | **281** | 227 |
| Company Contribution | **999** | 400 |
| Benefits Paid | **(903)** | (117) |
| Actuarial (gains) / losses of obligation of plan assets | **(58)** | (18) |
| **Fair Value of Plan Assets as on March 31** | **4,013** | 3,694 |
| **G) Assumptions** | | |
| Discount rate (per annum) | **7.50%** | 6.80% |
| Salary growth rate (per annum) | **6.00%** | 6.00% |
| Mortality Rate | **(% of IALM 12-14)** | (% of IALM 12-14) |
| Attrition rate | **15%** | 15% |
| **H) Summary of Membership Status** | | |
| Number of employees | **207** | 193 |
| Total monthly salary (Rs.) | **3,827** | 3,576 |

**Notes to Financial Statements for the year ended March 31, 2023**

(Rupees in thousands, except as otherwise stated)

| | **March 31,2023** | March 31,2022 |
|---|---|---|
| Average salary | **18** | 19 |
| Average past service (years) | **3.21** | 2.61 |
| Average age (years) | **32.71** | 31.91 |
| Retirement age (years) | **60** | 60 |
| **I) Sensitivity Analysis of Defined Benefit Obligation with references to KeyAssumptions** | | |
| Discount Rate - 1 percent increase | **6,916** | 5,623 |
| Discount Rate - 1 percent decrease | **7,708** | 6,296 |
| Salary Escalation Rate - 1 percent increase | **7,710** | 6,295 |
| Salary Escalation Rate - 1 percent decrease | **6,908** | 5,618 |
| Withdrawal Rate - 1 percent increase | **7,324** | 5,956 |
| Withdrawal Rate - 1 percent decrease | **7,256** | 5,925 |
| **J) Expected Benefit Payments in Future Years (Projections are for current members and their currently accumulated benefits)** | | |
| Year 1 | **2,368** | 1,762 |
| Year 2 | **1,059** | 865 |
| Year 3 | **877** | 715 |
| Year 4 | **725** | 592 |
| Year 5 | **600** | 490 |
| Year 6 to 10 | **4,519** | 3,718 |
| **K) Asset Category of Plan Assets** | | |
| Funds managed by Insurance Company | **100%** | 100% |

a) Discount rate: Discount Rate used for valuing liabilities is based on yields (as on valuation date) of Government Bonds with a tenure similar to the expected working lifetime of the employees. Expected remaining working lifetime is 9.17 years.

b) Salary Escalation rate: Estimates of future salary increase are based on inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. This assumption has been determined in consultation with the company.

**Note-30: Disclosure under the Micro,Small and Medium Enterprises Development Act, 2006**

The Company has amounts due to suppliers under The Micro,Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at the year end. The disclosure pursuant to the said Act, to the extent of information received and available with the Company is as under :

| | | **March 31,2023** | March 31,2022 |
|---|---|---|---|
| a) | The principal amount and the interest due thereon remaining unpaid to supplier at the end of each accounting year: | | |
| - | Principal | **95** | 42 |
| - | Interest | | |
| b) | The amount of interest paid by the buyer in terms of section 16 of the Micro,Small and Medium Enterprises Development Act,2006 (27 of 2006) along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | | |
| - | Interest paid | **-** | - |
| - | Payment made to suppliers (other than Interest) beyond the appointed day during the year | **-** | - |

**Notes to Financial Statements for the year ended March 31, 2023**

(Rupees in thousands, except as otherwise stated)

| | | March 31,2023 | March 31,2022 |
|---|---|---|---|
| c) | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during theyear) but without adding the Interest specified under the Micro,Small and Medium Enterprises Development | - | - |
| d) | The amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| e) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductable expenditure under section 23 of the Micro,Small and Medium Enterprises Development Act,2006. | - | - |

The company has sent out confirmations to all it's suppliers requesting them to confirm whether they are covered under MSMED Act,2006. The above information is compiled on the basis of intimations received from the suppliers of their status as micro or small enterprises and it's registration with the appropriate authority under the MSMED Act, 2006. The company has not accrued interest payable on the payment made to micro and small enterprises beyond the appointed day during the year, as the impact of such interest payable is not expected to be material.

**Note-31: Additional regulatory information**

**i. Financial Ratios**

| Ratio | Numerator (1) | Denominator (2) | March 21, 2023 (3) = (1)/(2) | March 31, 2022 (3) = (1)/(2) | % Variance | Reason for Variance |
|---|---|---|---|---|---|---|
| Current Ratio | Current Assets | Current Liabilities | 3.61 | 3.97 | -9% | |
| Debt-Equity Ratio | Total Debt (including lease liabilities) | Shareholders Equity | 0.19 | - | 100% | Long term lease contracts have been entered in the current year hence, lease liabilities have been accounted for (as per IndAS 116) |
| Debt Service Coverage Ratio | Earnings available for debt service | Debt Service (1) | 9.37 | 192.00 | -95% | This is due to the lease liabilities accounted in the current year |
| Return on Equity (ROE) | Net Profit after taxes | Average Shareholders' Equity | 23% | 26% | -10% | |
| Trade receivable turnover ratio (In times) | Net Credit Sales | Avg. Trade Receivables | 4.19 | 4.55 | -8% | |
| "Trade payable turnover ratio (In times)" | Net Credit Purchases | Avg. Trade Payables | 3.90 | 7.16 | -46% | The decrease is on account of delayed payments |
| Net capital turnover ratio | Net Sales | Working Capital (2) | 3.00 | 2.97 | 1% | |
| Net profit ratio | Net Profit | Net Sales | 8.9% | 9.2% | -3% | |
| Return on capital employed (ROCE) | Earning before interest and taxes | Capital employed (3) | 24.7% | 30.2% | -18% | |
| Return on investment | Income generated from invested funds | Avg. invested in treasury investments | NA | NA | NA | |

**Notes to Financial Statements for the year ended March 31, 2023**

(Rupees in thousands, except as otherwise stated)

1) Debt Service = Finance costs + Lease payments

2) Working Capital = Current Assets - Current Liabilities

3) Capital employed = Net worth + Lease liabilities

**Note-32:**

a) The Company has not advanced or loaned or invested funds to any persons or entities, including foreign entities (Intermediaries) with the understanding that the intermediary shall:

   i) directly or indirectly lend or invest in other persons or entities identified in anymanner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

   ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiariesb) The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

      i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

      ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries."

**Note-33: Additional disclosures as per revised Schedule III guidelines:**

A) The Company does not hold ownership of any immovable properties.

B) The Company does not have transactions with companies struck off under section 248 of the Companies Act 2013 or section 560 of Companies Act 1956.

C) The Company does not hold any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

D) The Company has not availed borrowings from banks or financial institutions on the basis of security of current assets and has not been declared a wilful defaulter by any bank or financial institutions or government or government authority.

E) The Company has not traded or invested in crypto currency or virtual currency during the current year.

F) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

G) The Company does not have any charges, satisfaction of which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.

**Note-34:** The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on 13 November 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

As per our report of even date attached
**For B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

**Rahim Merchant**
Partner
Membership No.: 132907

Place : Pune
Date : 30.06.2023

For Perigord Premedia (India) Private Limited

**Paul Thomas Leamy**
Director
DIN : 07185497

Place: Dublin, Ireland
Date : 28.06.2023

**Alan Martin Leamy**
Director
DIN : 07185501

Place: Dublin, Ireland
Date : 28.06.2023

# PERIGORD DATA SOLUTIONS INDIA PRIVATE LIMITED

## CORPORATE INFORMATION

**Board of Directors**

Mr. Alan Leamy

Mr. Paul Leamy

Mr. Manohar Alaparthi

**Auditor**

M/s BSR & CO. LLP,

Chartered Accountants

(FRN 101248W/W-100022)

**Banker**

HDFC Bank

**Registered Office**

Oberoi Garden Estate,

Near Chandivali Studio Wing -I,

Andheri (E) Mumbai Mumbai City

MH 400072 IN

# BOARD'S REPORT

To the Members,

Your Directors have the pleasure in submitting their 5th Annual Report on the business and operations of the Company together with the Audited Financial Statements for the year ended 31st March, 2023.

## 1. FINANCIAL SUMMMARY

The summarised version of the financial data for the current year and the previous year are as follows:

(Rs. In thousands)

| Particulars | For the year ended 31st March 2023 (Rs.) | For the year ended 31st March 2022 (Rs.) |
|---|---|---|
| Total Revenue | 2,39,103 | 1,61,225 |
| Total Expenses | 2,06,176 | 1,39,794 |
| Profit before Exceptional and Extraordinary items and Tax | 32,927 | 21,431 |
| Less: Exceptional Items | | |
| Less: Extraordinary Items | | |
| Profit before Tax | 32,927 | 21,431 |
| Less: Current Tax | 11,537 | 6,292 |
| Deferred Tax | (3,568) | (390) |
| Current tax related to earlier years | | |
| Profit After Tax | 24,958 | 15,529 |
| Transfer to General Reserves | | |
| Earnings Per Share | 119.88 | 74.59 |
| Basic & Diluted | 119.88 | 74.59 |

## 2. STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK

During the period under review, the Company has earned revenue from operations of Rs 23,68,29,863/- from rendering of services representing an increase of 46.99 % over previous year.

## 3. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

## 4. DIVIDEND

Your Directors feel that it is prudent to plough back the profits for future growth of the company and do not recommend any dividend.

## 5. TRANSFER TO RESERVES

The Company has not proposed to transfer any amount to reserves.

## 6. CHANGES IN SHARE CAPITAL

There is no change in the structure of the share capital of the Company during the year under review.

## 7. CHANGE IN NATURE OF BUSINESS

There is no change in the nature of the business of the Company.

**8. ANNUAL RETURN**

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return of the Company for the Financial Year 2021-22 is available on the Company's website at https://www.perigord-as.com/

**9. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

There were no loans, guarantees or investments made by the Company under section 186 of the Companies Act 2013.

**10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

The are no material contracts or agreements entered with related parties pursuant to section 188 of the Companies Act, 2013 that is required to be disclosed in Form AOC 2.

**11. STATUTORY AUDITORS**

M/s BSR & CO. LLP, Chartered Accountants (FRN 101248W/W-100022) were appointed as the Statutory Auditors of the Company for a period of 5 years, to hold office from the conclusion of 3rd AGM held in the year 2021 until the conclusion of 8th AGM to be held in the year 2026.

**12. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS**

There are no qualifications, reservations or adverse remarks made by the Auditors in their report.

**13. DETAILS OF DIRECTORS & KMP(s)**

During the year under review there was no appointment/resignation of Director. None of the directors were disqualified during the year under review.

**14. DIRECTORS RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board ihereby submits its responsibility Statement:

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;

c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) the directors had prepared the annual accounts on a going concern basis;

e) the Company being unlisted, sub clause (e) of section 134(5) of the Companies Act, 2013 pertaining to laying down internal financial controls is not applicable to the Company;

f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**15. NUMBER OF BOARD MEETINGS/COMMITTEE MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW**

**BOARD OF DIRECTORS:**

During the period under review, the Board of Directors of the Company duly constituted as per provisions of Companies Act, 2013 is as under:

| Sr. No. | Name | Designation | DIN |
|---|---|---|---|
| 1. | Alan Martin Leamy | Director | 07185501 |
| 2. | Paul Thomas Leamy | Director | 07185497 |
| 3. | Manohar Alaparthi | Director | 07185517 |

The Board meets at regular intervals to discuss and decide on the Company and its business policies and strategies apart from other Board businesses. The Board met 4 times on the following dates during the year financial year under review:

| Sl. No. | Date of Board Meeting | No. of Directors attended |
|---|---|---|
| 1. | 21.07.2022 | 3 |
| 2. | 19.09.2022 | 2 |
| 3. | 21.12.2022 | 3 |
| 4. | 15.03.2023 | 3 |

**PRESENCE/ ATTENDANCE OF DIRECTORS IN THE MEETINGS:**

| Sr. No. | Name of Director | Board Meeting | | | Committee Meeting | | |
|---|---|---|---|---|---|---|---|
| | | No of Meeting held | No of Meeting attended | % | No of Meeting held | No of Meeting attended | % |
| 1. | Alan Martin Leamy | 4 | 4 | 100 | - | - | - |
| 2. | Paul Thomas Leamy | 4 | 3 | 75 | - | - | - |
| 3. | Manohar Alaparthi | 4 | 4 | 100 | - | - | - |

**16. STATEMENT INDICATING THE MANNER IN WHICH FORMAL ANNUAL EVALUATION HAS BEEN MADE BY THE BOARD OF ITS OWN PERFORMANCE, ITS DIRECTORS, AND THAT OF ITS COMMITTEES**

The disclosure with respect to formal annual evaluation by the board is not applicable to your Company.

**17. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company does not have any Subsidiary Company or Joint Venture. The transations with the associate companies are enlisted in the Financial Statements.

**18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Part A and B pertaining to the conservation of energy and the technology absorption is not applicable to the company.

| C | Foreign Exchange Earnings/ Outgo: | (Rs. In thousands) |
|---|---|---|
| | Earnings | 2,36,830 |
| | Outgo | 9,387 |

**19. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY**

The provisions related to Risk Management Policy development and implementations are not applicable to the company.

**20. SECRETARIAL STANDARDS**

Your directors state and confirm that the Company has complied with the secretarial standards as notified by the Institute of Company Secretaries of India and to the extent applicable to the Company.

**21. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES.**

The provisions relating to Corporate Social Responsibility are not applicable to the Company.

**22. PROVIDING VIGIL MECHANISM**

The provisions relating to Section 177'(9) read with Rule 7 of the Companies (Meetings of the Board and its Powers), Rules, 2014 is not applicable to the company.

**23. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation was observed.

**24. PARTICULARS OF EMPLOYEES**

Mr. Manohar Alaparthi whose details are required to be reported in terms of the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**25. DEPOSITS**

The Company has not accepted any deposits during the year under review.

**26. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013**

The Company has a "Prevention of Sexual Harassment Committee (POSH)". Such committee is responsible for end to end management and disposal of any cases that may be reported to it. During the year 2022-23, no such cases were reported.

**27. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS**

During the year under review there has been no such significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

**28. MANAGERIAL REMUNERATION**

The Company had paid/accrued managerial remuneration to Mr. Manohar Alaparthi, Director of the Company amounting to Rs.1.04.94,906/- and consequently the total managerial remuneration for the financial year exceeded the prescribed limits under Section 197 read with Schedule V to the Companies Act, 2013. As per the provisions of the Act, the total managerial remuneration paid during this FY 22-23 has been approved by shareholders of the company in the Extra -ordinary general Meeting held on 19 August 2022 and 16th June, 2023.

**29. OTHER MATTERS**

| Sl. No | Particulars | Section & Rules |
|---|---|---|
| 1. | Secretarial Audit Report | Section 204(1) of the Companies Act, 2013. |
| 2. | Declaration of Independent Directors | Section 134(3)(d) read with Section 149(6) of the Companies Act, 2013. |
| 3. | Receipt of any Commission by MD / WTD from a Company or for receipt of Commission / Remuneration from its Holding or Subsidiary | Section 197(14) of the Companies Act, 2013. |
| 5. | Disclosure of Composition of Audit Committee | Section 177(8) read with Rule 6 of the Companies (Meetings of the Board and its Powers), Rules, 2014 |
| 6. | Nomination & Remuneration Committee Policy | Section 178(3) of the Companies Act, 2013. |

| Sl. No | Particulars | Section & Rules |
|---|---|---|
| 7. | Statement Indicating the Manner in which Formal Annual Evaluation has been made by the Board of its own performance, its Directors, and that of its Committees | Section 134(p) read with Rule 8(4) of Companies (Accounts) Rules, 2014. |
| 8. | Management Discussion and Analysis Report | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) |
| 9. | Corporate Governance | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) |
| 10. | Maintenance of Cost Records | Section 148(1) of the Companies Act, 2013 |

**30. ACKNOWLEDGEMENTS**

Your Directors place on record their sincere thanks to bankers, employees, consultants, and various Government Authorities for their continued support extended to your Company's activities during the year under review. Your Directors also acknowledge gratefully the shareholders for their support and confidence reposed on your Company.

For and on behalf of Board of Directors

**Perigord Data Solutions India Private Limited**

Director
**Name: Paul Thomas Leamy**
DIN: 07185497

Date: 28.06.2023
Place: Dublin,Ireland

Director
**Name: Alan Martin Leamy**
DIN: 07185501

Date: 28.06.2023
Place: Dublin,Ireland

# ANNEXURE - 1

# FORM NO. AOC -2

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014**

Form for Disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms' length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis: -

| Sr. No. | Particulars | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | NA |
| b) | Nature of contracts/arrangements/transaction | NA |
| c) | Duration of the contracts/arrangements/transaction | NA |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | NA |
| e) | Justification for entering into such contracts or arrangements or transactions' | NA |
| f) | Date of approval by the Board | NA |
| g) | Amount paid as advances, if any | NA |
| h) | Date on which the special resolution was passed in General meeting as required under first proviso to section 188 | NA |

**2. Details of contracts or arrangements or transactions at Arm's length basis.**

**2A Cost Contract**

| Sr. No. | Particulars | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | Perigord Data Solutions Ltd, Ireland<br>Perigord Premedia Ltd, Ireland<br>Perigord Asset holdings Ltd, Ireland<br>Relationship: Co-subsidiaries of Tech Mahindra Ltd. |
| b) | Nature of contracts/ arrangements/ transaction | Cost recharges of software services |
| c) | Duration of contracts/ arrangements/ transaction | As long as any of the parties to the contract terminate. |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | Rs. 93,87,696.93 |
| e) | Date of approval by the Board | - |
| f) | Amount paid as advances, if any | NA |

**2B Revenue Contract**

| Sr. No. | Particulars | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | Perigord Data Solutions Ltd, Ireland<br>Relationship: Co-subsidiary of Tech Mahindra Ltd. |
| b) | Nature of contracts/ arrangements/ transaction | Revenue from operations |
| c) | Duration of contracts/ arrangements/ transaction | As long as any of the parties to the contract terminate. |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | Rs. 23,68,29,862.59 |
| e) | Date of approval by the Board | - |
| f) | Amount paid as advances, if any | NA |

**2C. Remuneration**

| Sr. No. | Particulars | Details |
|---|---|---|
| a) | Name (s) of the related party & nature of relationship | Manohar Alaparthi, Director |
| b) | Nature of contracts/ arrangements/ transaction | Remuneration |
| c) | Duration of contracts/ arrangements/ transaction | As per terms of employment |
| d) | Salient terms of the contracts or arrangements or transaction including the value, if any | Rs. 1,04,94,907 |
| e) | Date of approval by the Board | - |
| f) | Amount paid as advances, if any | NA |

For and on behalf of Board of Directors

**Perigord Data Solutions India Private Limited**

Director
**Name: Paul Thomas Leamy**
DIN: 07185497

Date: 28.06.2023
Place: Dublin,Ireland

Director
**Name: Alan Martin Leamy**
DIN: 07185501

Date: 28.06.2023
Place: Dublin,Ireland

# ANNEXURE-2

**PARTICULARS OF EMPLOYEES**

**EMPLOYEES INFORMATION AS PER RULE 5(2 & 3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES 2014**

| Employee Name | Designation | Remuneration (Rs.) | Qualification | Experience (in years) | Date of Joining | Age (in years) | Last Employment | Last employment Designation |
|---|---|---|---|---|---|---|---|---|
| Manohar Alaparthi | General Manager - Software | 10,494,907 | Bachelor of Hotel Management and Catering Technology (BHMCT) | 16 | 8/1/2015 | 44 | Perigord Data Solutions, Dublin, Ireland | Software Test Engineer |

For and on behalf of Board of Directors

**Perigord Data Solutions India Private Limited**

Director
**Name: Paul Thomas Leamy**
DIN: 07185497

Date: 28.06.2023
Place: Dublin,Ireland

Director
**Name: Alan Martin Leamy**
DIN: 07185501

Date: 28.06.2023
Place: Dublin,Ireland

# INDEPENDENT AUDITOR'S REPORT

**To the Members of Perigord Data Solutions India Private Limited**

**Report on the Audit of the Financial Statements**

### Opinion

We have audited the financial statements of Perigord Data Solutions India Private Limited (the "Company") which comprise the balance sheet as at 31 March 2023, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 31 March 2023, and its profit 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 SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

### Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's directors' report, but does not include the financial statements and auditor's report thereon.

Our opinion on the 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 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.

### Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are 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 the Board of Directors 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to 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 the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) 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 A. As required by Section 143(3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors as on 01 April 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.

B. 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:

a. The Company does not have any pending litigations which would impact its financial position.

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

d (i) The management has represented that, to the best of their knowledge and belief, other than as disclosed in the Note 31(a) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The management has represented that, to the best of their knowledge and belief, other than as disclosed in the Note 31(b) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The Company has neither declared nor paid any dividend during the year.

f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

C. With respect to the matter to be included in the Auditor’s report under section 197 (16):

We draw attention to Note 26 (b) to the financial statements for the year ended 31 March 2023 according to which the managerial remuneration paid by the Company exceeded the prescribed limits under Section 197 read with Schedule V of the Companies Act, 2013. As per the provision of the Act, the waiver for refund of excess remuneration paid has been approved by the shareholders of the Company in the Extra ordinary General Meeting held on 16 June 2023. The Ministry of Corporate Affairs has not prescribed other details under Section 197 (16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm’s Registration No.:101248W/W-100022

**Rahim Merchant**
Partner
Membership No.: 132907
ICAI UDIN:XXXXXXXXXXXXXXXXXX

Place: Pune
Date: 30 June 2023

# ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF PERIGORD DATA SOLUTIONS INDIA PRIVATE LIMITED FOR THE YEAR ENDED 31 MARCH 2023

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of 2 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies/discrepancy were/was noticed on such verification.

(c) The Company does not have any immovable property (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment including intangible assets during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company is a service company, primarily rendering technology enabled services. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of Provident Fund and Labour welfare fund.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues, which have not been deposited with the appropriate authorities on account of any dispute.

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(e) is not applicable.

(f) The Company has not raised any loan from any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(f) is not applicable.

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of 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. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) Establishment of vigil mechanism is not mandated for the Company. We have taken into consideration the whistle blower complaints received under the vigil mechanism established voluntarily by the Company during the and shared with us while determining the nature, timing and extent of our audit procedures. As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

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

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) (a) In our opinion and based on the information and explanations provided to us, the Company does not have an Internal Audit system and is not required to have an internal audit system as per Section 138 of the Act.

(b) In our opinion and based on the information and explanations provided to us, the Company does not have an internal audit system and is not required to have an internal audit system as per Section 138 of the Act. Accordingly, clause 3(xiv)(b) of the Order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) has more than one CIC as part of the Group. The Group has four CICs as part of the Group

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

**Rahim Merchant**
Partner
Membership No.: 132907
ICAI UDIN:XXXXXXXXXXXXXXXXXX

Place: Pune
Date: 30 June 2023

# ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF PERIGORD DATA SOLUTIONS INDIA PRIVATE LIMITED FOR THE YEAR ENDED 31 MARCH 2023

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

**(Referred to in paragraph 2(A)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

### Opinion

We have audited the internal financial controls with reference to financial statements of Perigord Data Solutions India Private Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

### Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

### Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to 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 controls with reference to financial statements include 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 with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

**Rahim Merchant**
Partner
Membership No.: 132907
ICAI UDIN:XXXXXXXXXXXXXXXXXX

Place: Pune
Date: 30 June 2023

# BALANCE SHEET AS AT MARCH 31, 2023

(Rupees in thousands, except as otherwise stated)

| Particulars | | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| | 1 | 2 | 3 | 4 |
| I | **Assets** | | | |
| | **Non-Current Assets** | | | |
| | (a) Property,Plant and Equipment | 3 | **5,848** | 3,128 |
| | (b) Right of use asset | 4 | **7,707** | - |
| | (c) Deferred tax Assets(net) | 5 | **4,949** | 1,380 |
| | **Total Non-Current Assets** | | **18,504** | 4,508 |
| | **Current Assets** | | | |
| | (a) Financial Assets | | | |
| | (i) Trade Receivables | 6 | | |
| | - Billed | | **63,876** | 40,198 |
| | - Unbilled | | **-** | 638 |
| | (ii) Cash and cash equivalents | 7 | **11,219** | 6,275 |
| | (b) Other current assets | 8 | **5,385** | 2,444 |
| | **Total Current Assets** | | **80,480** | 49,555 |
| | **Total Assets** | | **98,984** | 54,063 |
| II | **Equity and Liabilities** | | | |
| | **Equity** | | | |
| | (a) Share Capital | 9 | **2,082** | 2,082 |
| | (b) Other Equity | 10 | **63,385** | 38,411 |
| | **Total Equity** | | **65,467** | 40,493 |
| | **Liabilities** | | | |
| | **Non - current liabilities:** | | | |
| | (a) Financial Liabilities | | | |
| | (i) Lease Liabilities | | **5,146** | - |
| | (b) Provisions | 11 | **4,911** | 5,976 |
| | **Total Non-Current Liabilities** | | **10,057** | 5,976 |

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|
| **Current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Lease Liabilities | | **2,748** | - |
| (ii) Trade payables | 12 | | |
| - Dues of micro and small enterprises | | **24** | 131 |
| - Dues of creditors other than micro and small enterprises | | **2,163** | 2,650 |
| (b) Provisions | 13 | **4,835** | 1,469 |
| (c) Income tax liabilities (net) | | **3,523** | 959 |
| (d) Other Current Liabilities | 14 | **10,167** | 2,385 |
| Total Current liabilities | | **23,460** | 7,594 |
| Total Equity and Liabilities | | **98,984** | 54,063 |
| See accompanying notes forming part of the financial Statements | 1 to 33 | | |

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

**For Perigord Data Solutions India Private Limited**

**Rahim Merchant**
Partner
Membership No.: 132907

Place : Pune
Date : 30.06.2023

**Paul Thomas Leamy**
Director
DIN : 07185497

Place : Dublin, Ireland
Date : 28.06.2023

**Alan Martin Leamy**
Director
DIN : 07185501

Place : Dublin, Ireland
Date : 28.06.2023

# STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2023

(Rupees in thousands, except as otherwise stated)

| Particulars | | Note No. | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|
| I. | Revenue from operations | | **236,830** | 161,125 |
| II. | Other income | 15 | **2,273** | 100 |
| **III.** | **Total Revenue (I + II)** | | **239,103** | 161,225 |
| **IV.** | **Expenses:** | | | |
| | Employee benefits expense | 16 | **180,199** | 120,905 |
| | Finance costs | 17 | **1,016** | 186 |
| | Depreciation and amortization expense | 18 | **8,111** | 2,984 |
| | Other expenses | 19 | **16,850** | 15,719 |
| | | | **206,176** | 139,794 |
| **V.** | **Profit before tax (III-IV)** | | **32,927** | 21,431 |
| **VI** | **Tax expense:** | | | |
| | (1) Current tax | | **11,537** | 6,292 |
| | (2) Deferred tax | 5 | **(3,568)** | (390) |
| **VII** | **Profit for the period** | | **24,958** | 15,529 |
| | **Other Comprehensive income:** | | | |
| | Other comprehensive income not to be reclassified to profit or loss in subsequent periods: | | | |
| | "Re-measurement loss / (gain) on defined benefit obligations (net)" | | **(22)** | 695 |
| | Tax on Re-measurement of defined benefit plans | | **(6)** | 175 |
| **VIII** | **Other Comprehensive income:** | | **16** | (520) |
| **IX** | **Total comprehensive income for the year, net of tax (VII + VIII)** | | **24,974** | 15,009 |
| **X** | **Earnings per equity share:** | 20 | | |
| | (1) Basic | | **119.88** | 74.59 |
| | (2) Diluted | | **119.88** | 74.59 |
| | See accompanying notes forming part of the financial Statements | 1 to 33 | | |

As per our report of even date attached

| | | |
|---|---|---|
| **For B S R & Co. LLP**<br>Chartered Accountants<br>Firm Registration No. 101248W/W-100022 | **For Perigord Data Solutions India Private Limited** | |
| **Rahim Merchant**<br>Partner<br>Membership No.: 132907 | **Paul Thomas Leamy**<br>Director<br>DIN : 07185497 | **Alan Martin Leamy**<br>Director<br>DIN : 07185501 |
| Place : Pune<br>Date : 30.06.2023 | Place : Dublin, Ireland<br>Date : 28.06.2023 | Place : Dublin, Ireland<br>Date : 28.06.2023 |

# STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2023

(Rupees in thousands, except as otherwise stated)

## A. Equity Share Capital

| Particulars | Amount |
|---|---|
| Balance at April 1, 2021 | 2,082 |
| Balance at March 31, 2022 | 2,082 |
| Balance at March 31, 2023 | 2,082 |

## B. Other Equity

| Particulars | Reserves and Surplus | | TOTAL |
|---|---|---|---|
| | Securities Premium | Retained Earnings | |
| **Balance at April 1, 2021** | 1,982 | 21,420 | 23,402 |
| Profit for the Year | - | 15,529 | 15,529 |
| Other Comprehensive income | - | (520) | (520) |
| **Balance at March 31, 2022** | **1,982** | **36,429** | **38,411** |
| Profit for the Year | - | 24,958 | 24,958 |
| Other Comprehensive income | - | 16 | 16 |
| **Balance at March 31, 2023** | **1,982** | **61,403** | **63,385** |

**Securities Premium:**

Securities premium reserve is used to record the premium on issue of shares.

**Retained earnings:**

Retained earnings represents the undistributed profits of the Company accumulated as on Balance Sheet date.

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

**For Perigord Data Solutions India Private Limited**

**Rahim Merchant**
Partner
Membership No.: 132907

**Paul Thomas Leamy**
Director
DIN : 07185497

**Alan Martin Leamy**
Director
DIN : 07185501

Place : Pune
Date : 30.06.2023

Place : Dublin, Ireland
Date : 28.06.2023

Place : Dublin, Ireland
Date : 28.06.2023

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

(Rupees in thousands, except as otherwise stated)

| Particulars | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES:** | | |
| Net profit before taxation, and extraordinary items | **32,927** | 21,431 |
| Adjusted for : | | |
| Depreciation and Amortization expense | **8,111** | 2,984 |
| Finance Cost | **1,016** | 186 |
| | **42,054** | 24,601 |
| **Net change in:** | | |
| Trade Receivables | **(20,772)** | (28,767) |
| Other financial assets and other assets | **(2,941)** | 1,030 |
| Trade Payables | **(594)** | 2,430 |
| Other financial liabilities, other liabilities and provisions | **10,105** | 4,372 |
| Cash generated from operating activities before taxes | **27,852** | 3,666 |
| Income taxes paid, net | **(8,981)** | (5,623) |
| **Net cash generated from / (used in) operating activities** | **18,871** | (1,957) |
| **B. CASH FLOW FROM INVESTING ACTIVITIES:** | | |
| Purchase of Property , Plant and Equipment and Intangible Assets | **(9,587)** | (3,534) |
| **Net cash used in investing activities** | **(9,587)** | (3,534) |
| **C. CASH FLOW FROM FINANCING ACTIVITIES:** | | |
| Repayment of Lease Liabilities | **(1,334)** | - |
| Finance cost paid | **(738)** | (186) |
| **Net cash used in financing activities** | **(2,072)** | (186) |
| **D. Net increase / (decrease) in cash and cash equivalents during the year** | **7,212** | (5,678) |
| **E. Effect of exchange rate changes on cash and cash equivalents** | **(2,268)** | 244 |
| **F. Cash and cash equivalents at the beginning of the year** | **6,275** | 11,709 |
| G. Cash and cash equivalents at the end of the year | **11,219** | 6,275 |

1. Figures in brackets represent outflow of cash and cash equivalents.
2. The above cash flow statement has been prepared under the indirect method as set out in Ind AS 7 on Cash Flow Statements.
3. During the current and previous period, there were no non-cash changes in financial liabilities resulting from financing activities. Accordingly, the reconciliation between opening and closing balances in the balance sheet for liabilities arising from financing acivities including both changes arising from cash flow and non-cash flow changes as required based on paragraph 44 of Ind AS 7 on “Statement of Cash Flows” has not been given.

As per our report of even date attached

**For B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

**For Perigord Data Solutions India Private Limited**

**Rahim Merchant**
Partner
Membership No.: 132907

Place : Pune
Date : 30.06.2023

**Paul Thomas Leamy**
Director
DIN : 07185497

Place : Dublin, Ireland
Date : 28.06.2023

**Alan Martin Leamy**
Director
DIN : 07185501

Place : Dublin, Ireland
Date : 28.06.2023

# COMPANY OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**1. Company information**

Perigord Data Solutions India Private Limited (the company) is a private limited company incorporated under the provisions of the Companies Act, 1956. The company is engaged in the business of Data Processing. The address of the registered office is Oberoi Garden Estate, Near Chandivali Studio Wing -I, Andheri (E) Mumbai Mumbai City MH 400072 IN. As per the proviso to section 2(71) of the Companies Act, 2013, the Company is deemed to be public company.

**2. Significant accounting policies:**

**2.1 Statement of Compliance:**

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as “Ind AS”) prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

**2.2 Basis for preparation of financial statements**

These financial statements are presented in Indian rupees (“INR”) which is also the Company’s functional currency. All amounts have been reported in Indian Rupees, except for share and earnings per share data, unless otherwise stated. These financial statements have been prepared on the historical cost basis and on an accrual basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. All assets and liabilities have been classified as current and non-current as per the Company’s normal operating cycle. The Company’s normal operating cycle is twelve months.

In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purpose in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 Share-based Payments, leasing transactions that are within the scope of Ind AS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as ‘value in use’, in Ind AS 36 Impairment of assets.

**2.3 Use of Estimates:**

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**Critical accounting estimates**

**i) Income taxes and deferred taxes**

The Company operates in Indian tax jurisdiction. 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. Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, 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 profit or loss at the time of the transaction, 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. The policy for the same has been explained under Note 2.10.

**ii) Property, plant and equipment**

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation 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 at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events,

## COMPANY OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

which may impact their life, such as changes in technology. The policy for the same has been explained under Note 2.4.

**iii) Provisions**

A provision is recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. The policy for the same has been explained under Note 2.12.

**iv) Defined benefit plans and compensated absences**

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. 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 policy for the same has been explained under Note 2.9.

**v) Expected credit losses on financial assets**

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. The policy for the same has been explained under Note 2.8.

**2.4 Property, Plant & Equipment and Intangible assets:**

Property, Plant & Equipment and intangible assets are stated at cost less accumulated depreciation/amortisation and net of impairment. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable costs of bringing the item to its working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located. 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 as at each reporting date is disclosed under capital work in progress.

Depreciable amount for assets is the cost of an asset, less its estimated residual value. Depreciation on Property, Plant & Equipment (including assets taken on lease), other than freehold land, is charged based on the straight line method on the estimated useful life as prescribed in Schedule II to the Companies Act, 2013 except in respect of the certain categories of assets, where the life of the assets has been assessed based on internal technical estimate, considering the nature of the asset and estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes.

The estimated useful lives of assets are as follows:

| Particulars | Life (Years) |
|---|---|
| Office Equipment | 5 |
| Computer Systems – other than servers | 3 |

The estimated useful life and residual values of Property, Plant & Equipment and Intangible assets are reviewed at the end of each reporting period.

Assets acquired under leasehold improvements are amortized over the shorter of estimated useful life of the asset or the related lease term.

An item of Property, Plant & Equipment and intangible asset is derecognised upon disposal or when no future

## COMPANY OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant & Equipment and intangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss. When the use of a property changes from owner occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

### 2.5 Leases:

At inception of the contract, the Company determines whether the contract is a lease or contains a lease arrangement. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

**Company as a lessor**

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from Customer Contracts to allocate the consideration in the contract.

**Short-term leases and leases of low-value assets**

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The company recognises the lease payments associated with these leases as “rent” expense in profit or loss on a straight-line basis over the lease term.

**2.6 Revenue recognition:**

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services, net of indirect taxes, discounts, rebates, credits, price concessions, incentives, performance bonuses, penalties, or other similar items. Revenue from time and material contracts is recognised as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognised as unbilled revenue.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. The Company acts as a sub-contractor to its Group Companies (Tech Mahindra Group) for which it is remunerated on cost plus markup basis. Revenue from these cost plus contracts is recognised based on the terms of the contract over the service period. Invoices for services are issued on a monthly basis and are usually payable within 45 days. The Company disaggregates revenue from contracts with customers by geography verticals.

**2.7 Foreign currency transactions:**

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the date of Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised in the statement of profit and loss.

**2.8 Financial Instruments:**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price. 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 FVTPL) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in statement of profit and loss.

**i) Non-derivative financial instruments:**

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost using the effective interest method less impairment losses, if these financial assets are held within a business model 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.

**Financial assets at fair value**

Financial assets not measured at amortised cost are carried at fair value through profit or loss (FVTPL) on initial recognition, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in ‘other comprehensive income’, for investment in equity instruments which are not held for trading. The Company, on initial application of IND AS 109 Financial Instruments, has made an irrevocable election to present in ‘other comprehensive income’, subsequent changes in fair value of equity instruments not held for trading. Financial asset at FVTPL, are measured at fair values at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the statement of profit and loss.

## COMPANY OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Financial liabilities**

Financial liabilities are subsequently carried at amortised cost using the effective interest rate method or at FVTPL. For financial liabilities carried at amortised cost, the carrying amounts approximate fair values due to the short term maturities of these instruments. Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised in a business combination, or is held for trading or it is designated as FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in statement of profit and loss.

**ii) Derecognition of financial instruments**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the risk and rewards of transferred financial assets, the Company continues to recognise the financial asset and also recognises the borrowing for the proceeds received. The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or have expired.

**ii) Derecognition of financial instruments**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the risk and rewards of transferred financial assets, the Company continues to recognise the financial asset and also recognises the borrowing for the proceeds received. The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or have expired.

**2.9. Retirement and other employee benefits**

**(a) Defined Benefit Plan**

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's last drawn salary and the tenure of the employment.

**(b) Defined Contribution Plans**

**(i) Provident fund:**

The eligible employees of the Company are entitled to receive the benefits of Provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary which are charged to the statement of profit and loss on accrual basis. The provident fund contributions are paid to the Regional Provident Fund Commissioner by the Company. The Company has no further obligations for future provident fund.

**(c) Compensated absences:**

The Company provides for compensated absences and long term service awards subject to Company's rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is accrued based on the number of days of unavailed leave at each Balance Sheet date and the awards are accrued based on number of years of service of an employee.

**2.10 Taxation:**

**Current tax**

Tax expense comprises of current tax and deferred tax. 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. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemptions in accordance with the local tax laws.

## COMPANY OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 equity, in which case, the income taxes are recognised in other comprehensive income or directly in equity, respectively. The current income tax expense includes income taxes payable by the Company in India.

Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit has a legally enforceable right and intends to settle the asset and liability on a net basis.”

**Deferred tax**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred income tax assets are recognised 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 utilised. The carrying amount of deferred 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 utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

Deferred tax assets and liabilities are offset when it relates to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

The Company recognises interest levied and penalties related to income tax assessments in interest expenses.

### 2.11 Earnings per Share:

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the period. For calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

### 2.12 Provisions and Contingent Liabilities:

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance costs.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.”

### 2.13.Recent pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

## COMPANY OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates.

Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

**Notes to Financial Statements for the year ended March 31, 2023**
(Rupees in thousands, except as otherwise stated)

**Note-3: Property Plant and Equipment**

| | Office Equipment | Computers | Total |
|---|---|---|---|
| **Gross block** | | | |
| As at April 1, 2021 | - | 7,066 | 7,066 |
| Additions | 32 | 3,502 | 3,534 |
| As at March 31, 2022 | **32** | **10,568** | **10,600** |
| Additions | - | 9,587 | 9,587 |
| **As at March 31, 2023** | **32** | **20,155** | **20,188** |
| **Accumulated depreciation** | | | |
| As at April 1, 2021 | - | 4,488 | 4,488 |
| Charge for the year | 6 | 2,978 | 2,984 |
| As at March 31, 2022 | **6** | **7,466** | **7,472** |
| Charge for the year | 12 | 6,856 | 6,868 |
| **As at March 31, 2023** | **18** | **14,322** | **14,340** |
| **Net block** | | | |
| **As at March 31, 2022** | **26** | **3,102** | **3,128** |
| **As at March 31, 2023** | **14** | **5,833** | **5,848** |

**Note-4: Right of use asset**

| | Right of use asset | Total |
|---|---|---|
| **Gross block** | | |
| As at April 1, 2021 | - | - |
| Additions | - | - |
| As at March 31, 2022 | - | - |
| Additions | 8,950 | 8,950 |
| **As at March 31, 2023** | **8,950** | **8,950** |
| **Accumulated depreciation** | | |
| As at April 1, 2021 | - | - |
| Charge for the year | - | - |
| As at March 31, 2022 | - | - |
| Charge for the year | **1,243** | **1,243** |
| **As at March 31, 2023** | **1,243** | **1,243** |
| **Net block** | | |
| **As at March 31, 2022** | **-** | **-** |
| **As at March 31, 2023** | **7,707** | **7,707** |

**Note-5: Deferred Tax**

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Deferred tax asset attributable to: | | |
| Property, Plant & Equipment and Intangible assets | **639** | 271 |
| Provision for Employee benefits | **4,263** | 1,109 |
| Other items | **47** | - |
| **Total** | **4,949** | 1,380 |

**Notes to Financial Statements for the year ended March 31, 2023**
(Rupees in thousands, except as otherwise stated)

**Note-6: Trade Receivables**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Considered good - Unsecured | 63,876 | 40,198 |
| Less: Allowance for expected credit loss | - | - |
| **Considered good** | 63,876 | 40,198 |
| Credit impaired - Unsecured | - | - |
| Less: Allowance for credit impairment | - | - |
| **Credit impaired** | - | - |
| **Trade Receivables Billed (A)** | 63,876 | 40,198 |
| **Trade Receivables Unbilled (B)** | - | 638 |
| **Total** | 63,876 | 40,836 |

**Note-7: Cash and Cash Equivalents**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Cash In Hand | 4 | 2 |
| Balances with banks | | |
| In Current Account | 11,215 | 6,273 |
| **Total** | 11,219 | 6,275 |

**Note-8: Other Current Assets**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Balances with government authorities | 4,176 | 1,330 |
| Security deposits (Unsecured, considered good) | 2 | 2 |
| Other loans and advances (unsecured) | 581 | 524 |
| Prepaid expenses | 626 | 588 |
| **Total** | 5,385 | 2,444 |

**Note-9: Share Capital**

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|---|---|---|---|
| | Number in thousands | Amount (Rs.) | Number in thousands | Amount (Rs.) |
| **Authorised** | | | | |
| Equity Shares of Rs.10/- each | 1,000 | 10,000 | 1,000 | 10,000 |
| **Issued** | | | | |
| Equity Shares of Rs.10/- each fully paid | 208 | 2,082 | 208 | 2,082 |
| **Subscribed & Paid up** | | | | |
| Equity Shares of Rs.10/- each fully paid | 208 | 2,082 | 208 | 2,082 |
| **Total** | 208 | 2,082 | 208 | 2,082 |

**Notes to Financial Statements for the year ended March 31, 2023**
(Rupees in thousands, except as otherwise stated)

**Reconciliation of number of shares outstanding for the period**

| **Particulars** | **As at March 31, 2023** | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **Number in thousands** | **Amount (Rs.)** | Number in thousands | Amount (Rs.) |
| **Equity Shares** | | | | |
| Shares outstanding at the beginning of the year | **208** | **2,082** | 208 | 2,082 |
| Shares Issued during the year | **-** | **-** | - | - |
| Shares bought back during the year | **-** | **-** | - | - |
| Shares outstanding at the end of the year | **208** | **2,082** | 208 | 2,082 |

**Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.10/- per share and all the equity shares carry equal voting rights.

In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Details of promoters holding more than 5% equity shares in the Company**

| Particulars | **As at March 31,2023** | | As at March 31,2022 | | % Change during the year |
|---|---|---|---|---|---|
| | **Number** | **% Share holding** | Number | % Share holding | |
| Tech Mahindra Ltd | **208,187** | **99.9999** | 208,187 | 99.9999 | - |
| Tech Mahindra Ltd (shares held by Mr. Manohar Alaparthi as nominee of Tech Mahindra Ltd) | **1** | **0.0001** | 1 | 0.0001 | - |
| | **208,188** | **100.00** | 208,188 | 100.00 | - |

**Note-10: Other Equity**

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| **Reserves and Surplus** | | |
| **Securities premium account** | | |
| Opening balance | **1,982** | 1,982 |
| Add: Premium on shares issued during the year | **-** | - |
| Closing balance | **1,982** | 1,982 |
| **Retained earnings** | | |
| Opening balance | **36,429** | 21,420 |
| Profit/(loss) for the period | **24,958** | 15,529 |
| Other Comprehensive Income | **16** | (520) |
| Closing balance | **61,403** | 36,429 |
| **Total** | **63,385** | 38,411 |

**Note-11: Provisions - Non current**

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Provision for Gratuity | **1,790** | 3,478 |
| Provision for Leave encashment | **3,121** | 2,498 |
| **Total** | **4,911** | 5,976 |

**Notes to Financial Statements for the year ended March 31, 2023**
(Rupees in thousands, except as otherwise stated)

**Note-12: Trade Payables**

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Dues of micro and small enterprises | **24** | 131 |
| Dues of creditors other than micro and small enterprises | **2,163** | 2,650 |
| **Total** | **2,187** | 2,781 |

**Note-13: Provisions - Current**

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Provision for Gratuity | **3,706** | 855 |
| Provision for Leave encashment | **1,129** | 614 |
| **Total** | **4,835** | 1,469 |

**Note-14: Other Current Liabilities**

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Accrued Salaries and Benefits | **7,191** | 160 |
| Other Current Liabilities | **896** | 262 |
| Statutory Liabilitites | **2,080** | 1,963 |
| **Total** | **10,167** | 2,385 |

**Note-15: Other Income**

| **Particulars** | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Other income | **5** | - |
| Foreign Exchange Gain (net) | **2,268** | - |
| Sundry Creditors written off | **-** | 100 |
| **Total** | **2,273** | 100 |

**Note-16: Employee Benefit Expenses**

| **Particulars** | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Salaries, wages and bonus | **164,558** | 112,297 |
| Contribution to provident and other funds | **7,620** | 5,103 |
| Contribution to Gratuity fund (refer note 27) | **2,184** | 2,019 |
| Staff welfare expenses | **5,837** | 1,486 |
| **Total** | **180,199** | 120,905 |

**Note-17: Finance Costs**

| **Particulars** | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Bank Charges | **288** | 186 |
| Interest expense on Lease Liability | **278** | - |
| Interest on GST late payment | **450** | - |
| **Total** | **1,016** | 186 |

**Notes to Financial Statements for the year ended March 31, 2023**
(Rupees in thousands, except as otherwise stated)

**Note-18: Depreciation and amortization expense**

| **Particulars** | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Depreciation of Property, plant and equipment | **6,868** | 2,984 |
| Depreciation on Right of Use Asset | **1,243** | - |
| **Total** | **8,111** | 2,984 |

**Note-19: Other expenses**

| **Particulars** | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Internet Charges | **120** | 120 |
| Rent | **1,891** | 3,988 |
| Electricity and Fuel | **552** | 688 |
| Repairs and maintenance | | |
| Office | **766** | 768 |
| Computer | **176** | 148 |
| Insurance | **802** | 300 |
| Professional and Consultancy charges | **1,342** | 664 |
| Travelling and conveyance | **-** | 105 |
| Non claimable GST | **-** | 839 |
| Security charges | **260** | 228 |
| Software services | **9,387** | 6,214 |
| Payment to auditor (Refer details below) | **500** | 200 |
| Training Expenses | **550** | 734 |
| Administrative and other miscellaneous expenses | **504** | 479 |
| Foreign Exchange Loss (Net) | **-** | 244 |
| **Total** | **16,850** | 15,719 |
| | | |
| **Payment to auditor** | **500** | 200 |
| Statutory Audit fee | **500** | 200 |

**Note-20: Earning Per Share**

| **Particulars** | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Profit after tax (INR in thousands) | **24,958** | 15,529 |
| Weighted average number of equity shares in calculating basic and diluted EPS (number in thousands) | **208** | 208 |
| Face value per share | **10** | 10 |
| Earnings per share (EPS) - Basic & Diluted (Rs.) | **119.88** | 74.59 |

**Note-21: Segment information**

**Business segment:**

The Company is engaged in the business of providing services connected to Data processing. As the Company is engaged in only one business segment, the balance sheet as at March 31, 2023 and statement of profit and loss for the year ended then pertain to only one business segment.

**Notes to Financial Statements for the year ended March 31, 2023**
(Rupees in thousands, except as otherwise stated)

**Geographical segment:**

During the year ended March 31, 2023 under report, the company has engaged in its business only with the companies in Ireland and India,not in any other country.Country wise revenue is disclosed as under:

| Particulars | For the year ended March 31, 2023 | | For the year ended March 31, 2022 | |
|---|---|---|---|---|
| | India | Ireland | India | Ireland |
| Services during the year | - | 236,830 | - | 161,125 |

**Note-22: Financial risk management**

**Financial risk factors**

The Company's activities expose it to a variety of financial risks . The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign currency risk. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

**Market risk**

Market risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The company's exposure to market risk is primarily on account of foreign currency exchange rate risk.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the rendering of services in Ireland. The exchange rate between the Indian rupee and euro has changed in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are not adversely affected as the receipts from foreign debtors are in regular.

**Credit risk**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and credit worthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled revenue, cash and cash equivalents, and other financial assets. None of the financial instruments of the company result in material concentration of credit risk.

**Liquidity risk**

Liquidity risk refers to the risk that the company cannot meet its financial obligation. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2023:

| Particulars | Less than 1 year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|
| Trade payables | 2,187 | - | - | 2,187 |
| Lease liabilities | 2,748 | 5,146 | - | 7,894 |

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2022:

| Particulars | Less than 1 year | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|
| Trade payables | 2,781 | - | - | 2,781 |

**Notes to Financial Statements for the year ended March 31, 2023**
(Rupees in thousands, except as otherwise stated)

**Note -23: Capital Management**

The Company's objective while managing capital is to safeguard its ability to continue as a going concern (so that it is enabled to provide returns and create value for its shareholders, and benefits for other stakeholders), support business stability and growth. However, the key objective of the Company's capital management is to, ensure that it maintains a stable capital structure with the focus on total equity,creditor and customer confidence, and ensure future development of its business activities and appropriate return to shareholders in terms of dividend payout. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements.

**Note-24: Fair value Measurement**

The carrying value of financial instruments by categories as on March 31, 2023

| Particulars | Amortised cost | Fair value through OCI | Fair value through Profit or Loss | Total |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| Trade Receivables | 63,876 | | | 63,876 |
| Cash and Cash Equivalents | 11,219 | - | - | 11,219 |
| **Total** | **75,095** | **-** | **-** | **75,095** |
| | | | | |
| **Financial Liabilities** | | | | |
| Trade payables | 2,187 | - | - | 2,187 |
| Lease liabilities | 7,894 | | | 7,894 |
| **Total** | **10,081** | **-** | **-** | **10,081** |

The carrying value of financial instruments by categories as on March 31st, 2022

| Particulars | Amortised cost | Fair value through OCI | Fair value through Profit or Loss | Total |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| Trade Receivables | 40,836 | | | 40,836 |
| Cash and Cash Equivalents | 6,275 | - | - | 6,275 |
| **Total** | **47,111** | **-** | **-** | **47,111** |
| | | | | |
| **Financial Liabilities** | | | | |
| Trade payables | 2,781 | - | - | 2,781 |
| **Total** | **2,781** | **-** | **-** | **2,781** |

**Fair value hierarchy**

Level 1 - Quoted prices (unadjusted) 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)

**Notes to Financial Statements for the year ended March 31, 2023**
(Rupees in thousands, except as otherwise stated)

**Ageing for trade payables outstanding as at March 31, 2023 is as follows:**

| Particulars | Outstanding for following periods from due date of payments | | | | | |
|---|---|---|---|---|---|---|
| | Not Due | Less than 1 year | 1-2 yrs. | 2-3 yrs. | More than 3 years | Total |
| MSME* | 24 | - | - | - | - | 24 |
| Others | -167 | 2,330 | - | - | - | 2,163 |
| Disputed dues- MSME | - | - | - | - | - | - |
| Disputed dues- Others | | - | - | - | - | - |
| Disputed dues- Unbilled | - | - | - | - | - | - |
| Undisputed dues- Unbilled | - | - | - | - | - | - |
| **Total** | **-143** | **2,330** | **-** | **-** | **-** | **2,187** |

**Ageing for trade payables outstanding as at March 31, 2022 is as follows:**

| Particulars | Outstanding for following periods from due date of payments | | | | | |
|---|---|---|---|---|---|---|
| | Not Due | Less than 1 year | 1-2 yrs. | 2-3 yrs. | More than 3 years | Total |
| MSME* | 121 | 10 | - | - | - | 131 |
| Others | 353 | 2,297 | - | - | - | 2,650 |
| Disputed dues- MSME | - | - | - | - | - | - |
| Disputed dues- Others | - | - | - | - | - | - |
| Total | **474** | **2,307** | **-** | **-** | **-** | **2,781** |

*MSME as per Micro, Small and, Medium and Enterprises Development Act, 2006.

**Ageing for trade receivables outstanding as at March 31, 2023 is as follows:**

| Particulars | Outstanding for following periods from due date of payments | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months - 1 year | 1-2 yrs | 2-3 yrs | More than 3 years | Total |
| Undisputed trade receivables- considered good | 24,449 | 39,427 | - | - | - | - | 63,876 |
| Undisputed trade receivables- which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed trade receivables- credit impaired | - | - | - | - | - | - | - |
| Disputed trade receivables- considered good | - | - | - | - | - | - | - |
| Disputed trade receivables- which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed trade receivables- credit impaired | - | - | - | - | - | - | - |
| **Total** | **24,449** | **39,427** | **-** | **-** | **-** | **-** | **63,876** |
| **Trade receivables - unbilled** | | | | | | | **-** |
| | | | | | | | **63,876** |

**Notes to Financial Statements for the year ended March 31, 2023**
(Rupees in thousands, except as otherwise stated)

**Ageing for trade receivables outstanding as at March 31, 2022 is as follows:**

| Particulars | Outstanding for following periods from due date of payments | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months - 1 year | 1-2 yrs | 2-3 yrs | More than 3 years | Total |
| Undisputed trade receivables- considered good | 23,566 | 16,632 | - | - | - | - | 40,198 |
| Undisputed trade receivables- which have significant increase in credit risk | - | - | - | - | - | - | - |
| Undisputed trade receivables- credit impaired | - | - | - | - | - | - | - |
| Disputed trade receivables- considered good | - | - | - | - | - | - | - |
| Disputed trade receivables- which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed trade receivables- credit impaired | - | - | - | - | - | - | - |
| **Total** | **23,566** | **16,632** | **-** | **-** | **-** | **-** | **40,198** |
| **Trade receivables - unbilled** | | | | | | | 638 |
| | | | | | | | **40,836** |

**Note-25: Disclosure as per IND AS 116-Leases**

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Minimum Lease Payments | | |
| - Not later than one year | **3,269** | - |
| - Later than one year and not later than five years | **5,491** | - |
| - Later than five years | **-** | - |

**Amounts recognised in statements of cash flows:**

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|
| Cash outflow for leases | **1,334** | - |
| **Total** | **1,334** | - |

**Note-26: Related party disclosures**

**a. Names of the related parties and description of relationship:**

| Nature of relationship | Name of the related party |
|---|---|
| i. Holding Company | Tech Mahindra Ltd |
| ii. Group Companies where the holding company exercises significant influence | Perigord Data Solutions Ltd., Ireland |
| | Perigord Asset Holdings Ltd., Ireland |
| | Perigord Premedia Ltd., Ireland |
| iii. Key managerial personnel | Manohar Alaparthi, Director |
| | Alan Martin Leamy, Director |
| | Paul Thomas Leamy, Director |

**Notes to Financial Statements for the year ended March 31, 2023**
(Rupees in thousands, except as otherwise stated)

**b. Summary of transactions with aforesaid parties**

| | **March 31,2023** | March 31,2022 |
|---|---|---|
| Group Companies where the holding company exercises significant influence | | |
| Perigord Data Solutions Ltd., Ireland | | |
| Income from services | **236,830** | 161,125 |
| Software expenses | **5,489** | 3,633 |
| Perigord Asset Holdings Ltd., Ireland | | |
| Software expenses | **2,552** | - |
| Perigord Premedia Ltd., Ireland | | |
| Software expenses | **1,346** | - |
| Key managerial personnel | | |
| Manohar Alaparthi | | |
| Directors' Remuneration | **10,495** | 6,163 |

The Company had paid managerial remuneration to Mr. Manohar Alaparthi, Director of the Company amounting to Rs. 10,495 thousands (excluding employee benefits such as gratuity and leave encashment which are determined for the company as a whole) and consequently the total managerial remuneration for the financial year exceeded the prescribed limits under Section 197 read with Schedule V to the Companies Act, 2013. As per the provisions of the Act, the waiver for the refund of the excess remuneration paid has been approved by shareholders of the company in the Extra-ordinary general Meeting held on 16 June, 2023.

**c. Amount outstanding as at the balance sheet date:**

| | | **March 31,2023** | March 31,2022 |
|---|---|---|---|
| i. | Enterprises where the company exercises significant influence | | |
| | Perigord Data Solutions Ltd., Ireland | | |
| - | Trade receivables | **63,876** | 40,198 |
| - | Trade payables | **1,478** | 948 |
| | Perigord Asset Holdings Ltd., Ireland | | |
| - | Trade payables | **684** | - |
| | Perigord Premedia Ltd., Ireland | | |
| - | Trade payables | **168** | - |

**Note-27. Current Tax**

The income tax expense for the year ended can be reconciled to the accounting profit as follows:

| **Particulars** | **For the year ended March 31, 2023** | For the year ended March 31, 2022 |
|---|---|---|
| Profit before tax | **32,949** | 20,736 |
| Enacted tax rate* | **25.168%** | 25.168% |
| Income tax expense calculated at enacted tax rate | **8,293** | 5,219 |
| Effect of expenses disallowed for tax purpose | **2,850** | 996 |
| Effect of change in tax rate* | **-** | 32 |
| Effect of income taxes related to prior years | **401** | (343) |
| Income tax expense recognised in statement of profit and loss | **11,544** | 5,904 |

* The Company has opted concessional tax rate under section 115BBA of Income Tax Act, 1961.

**Notes to Financial Statements for the year ended March 31, 2023**
(Rupees in thousands, except as otherwise stated)

**Deferred Tax:**

The following is the analysis of Deferred Tax Assets presented in the Balance Sheet:

| **Particulars** | **As at March 31, 2023** | As at March 31, 2022 |
|---|---|---|
| Deferred tax assets | **4,949** | 1,380 |
| Deferred tax liabilities | **-** | - |
| **Deferred tax (net)** | **4,949** | 1,380 |

**Note-28: Retirement and other employee benefits**

The valuation results for the Gratuity Benefit plan as at March 31, 2023 & March 31, 2022 are produced in the tables below:

| **Particulars** | **For the period ending** | |
|---|---|---|
| | **March 31, 2023** | March 31, 2022 |
| **A)Present Value of Benefit Obligations** | | |
| **Present Value of Obligation as on April 1** | **7,122** | 4,575 |
| Current Service Cost | **1,884** | 1,884 |
| Interest Cost | **534** | 311 |
| Re-measurement (or Actuarial (gain) / loss) arising from: | | |
| - change in financial assumptions | **(299)** | (345) |
| - experience variance (Actual v/s assumptions) | **221** | 1,035 |
| Benefits Paid | **(344)** | (338) |
| **Present Value of Obligation as on the March 31** | **9,118** | 7,122 |
| **B) Assets and Liability (Balance Sheet Position)** | | |
| Present Value of Benefit Obligation | **(9,118)** | (7,122) |
| Fair Value of Plan Assets | **3,622** | 2,789 |
| **Net Asset / (Liability)** | **(5,496)** | (4,333) |
| **C) Bifurcation of Net Liability:** | | |
| **Current Liability (Short term)** | **(3,706)** | (856) |
| Non-Current Liability (Long term) | **(1,790)** | (3,478) |
| **Total Liability** | **(5,496)** | (4,333) |
| **D) Expenses Recognised in the Income Statement** | | |
| Current Service Cost | **1,884** | 1,884 |
| Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset) | **300** | 135 |
| **Expenses Recognised in the Income Statement** | **2,184** | 2,019 |
| **E) Other Comprehensive Income** | | |
| Actuarial (gains) / loss on Liability | **(77)** | 690 |
| Return on Plan Assets excluding amount included in 'Net interest on net Defined Liability / (Asset)' above | **55** | 5 |
| **Total** | **(22)** | 695 |
| **F) Changes In fair value of Plan Assets** | | |
| Fair Value of Plan Assets as on April 1 | **2,789** | 2,556 |
| Expected return on Plan Assets | **234** | 176 |
| Company Contribution | **999** | 400 |

**Notes to Financial Statements for the year ended March 31, 2023**
(Rupees in thousands, except as otherwise stated)

| Particulars | For the period ending | |
|---|---|---|
| | **March 31, 2023** | March 31, 2022 |
| Benefits Paid | **(344)** | (338) |
| Actuarial (gains) / losses of obligation of plan assets | **(55)** | (5) |
| **Fair Value of Plan Assets as on March 31** | **3,623** | 2,789 |
| **G) Assumptions** | | |
| Discount rate (per annum) | **7.5%** | 6.8% |
| Salary growth rate (per annum) | **6.0%** | 6.0% |
| Mortality Rate | **(% of IALM 12-14)** | (% of IALM 12-14) |
| Attrition rate | **19%** | 19% |
| **H) Summary of Membership Status** | | |
| Number of employees | **143** | 129 |
| Total monthly salary (Rs.) | **5,392** | 4,869 |
| Average salary | **38** | 38 |
| Average past service (years) | **2.60** | 2.03 |
| Average age (years) | **32.18** | 30.84 |
| Retirement age (years) | **60.00** | 60.00 |
| **I) Sensitivity Analysis of Defined Benefit Obligation with references to KeyAssumptions** | | |
| Discount Rate - 1 percent increase | **8,722** | 6,803 |
| Discount Rate - 1 percent decrease | **9,550** | 7,471 |
| Salary Escalation Rate - 1 percent increase | **9,553** | 7,470 |
| Salary Escalation Rate - 1 percent decrease | **8,713** | 6,797 |
| Withdrawal Rate - 1 percent increase | **9,147** | 7,134 |
| Withdrawal Rate - 1 percent decrease | **9,086** | 7,108 |
| **J) Expected Benefit Payments in Future Years (Projections are for current members and their currently accumulated benefits)** | | |
| Year 1 | **3,706** | 2,704 |
| Year 2 | **1,564** | 1,259 |
| Year 3 | **1,222** | 984 |
| Year 4 | **955** | 769 |
| Year 5 | **747** | 601 |
| Year 6 to 10 | **2,147** | 1,596 |
| **K) Asset Category of Plan Assets** | | |
| Funds managed by Insurance Company | **100%** | 100% |

a) Discount rate: Discount Rate used for valuing liabilities isbased on yields (as on valuation date) of Government Bonds with a tenure similar to the expected working lifetime of the employees. Expected remaining working lifetime is 9.56 years.

b) Salary Escalation rate: Estimates of future salary increase are based on inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. This assumption has been determined in consultation with the company.

**Notes to Financial Statements for the year ended March 31, 2023**
(Rupees in thousands, except as otherwise stated)

**Note-29: Disclosure under the Micro,Small and Medium Enterprises Development Act, 2006**

The Company has amounts due to suppliers under The Micro,Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at the year end. The disclosure pursuant to the said Act, to the extent of information received and available with the Company is as under :

| | | **March 31,2023** | March 31,2022 |
|---|---|---|---|
| a) | The principal amount and the interest due thereon remaining unpaid to supplier at the end of each accounting year; | | |
| | - Principal | **24** | 131 |
| | - Interest | | |
| b) | The amount of interest paid by the buyer in terms of section 16 of the Micro,Small and Medium Enterprises Development Act,2006 (27 of 2006) along with the amount of the payment made to the supplier beyond the appointed day during each accounting year | | |
| | - Interest paid | **-** | - |
| | - Payment made to suppliers (other than Interest) beyond the appointed day during the year" | **-** | - |
| c) | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during theyear) but without adding the Interest specified under the Micro,Small and Medium Enterprises Development | **-** | - |
| d) | The amount of interest accrued and remaining unpaid at the end of each accounting year | **-** | - |
| e) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductable expenditure under section 23 of the Micro,Small and Medium Enterprises Development Act,2006. | **-** | - |

The company has sent out confirmations to all it's suppliers requesting them to confirm whether they are covered under MSMED Act,2006. The above information is compiled on the basis of intimations received from the suppliers of their status as micro or small enterprises and it's registration with the appropriate authority under the MSMED Act, 2006. The company has not accrued interest payable on the payment made to micro and small enterprises beyond the appointed day during the year, as the impact of such interest payable is not expected to be material.

**Note-30: Additional regulatory information**

**i. Financial Ratios**

| **Ratio** | **Numerator (1)** | **Denominator (2)** | **March 31, 2023 (3) = (1)/(2)** | **March 31, 2022 (3) = (1)/(2)** | **% Variance** | **Reason for Variance** |
|---|---|---|---|---|---|---|
| Current Ratio | Current Assets | Current Liabilities | **3.43** | 6.53 | -47% | The decrease in current ratio is on account of the increase in the trade payables. |
| Debt-Equity Ratio | Total Debt (including lease liabilities) | Shareholder's Equity | **0.12** | - | 100% | Long term lease contracts have been entered in the current year hence, lease liabilities have been accounted for (as per IndAS 116). |
| Debt Service Coverage Ratio | Earnings available for debt service | Debt Service (1) | **20.30** | 132.26 | -85% | This is due to the lease liabilities accounted in the current year. |
| Return on Equity (ROE) | Net Profit after Tax | Average Shareholder's Equity | **47%** | 45% | 4% | |

**Notes to Financial Statements for the year ended March 31, 2023**
(Rupees in thousands, except as otherwise stated)

| Ratio | Numerator (1) | Denominator (2) | March 31, 2023 (3) = (1)/(2) | March 31, 2022 (3) = (1)/(2) | % Variance | Reason for Variance |
|---|---|---|---|---|---|---|
| Trade receivable turnover ratio (In times) | Net Credit Sales | Average Trade Receivables | **4.52** | 6.06 | -25% | The decrease is on account of delayed receipts. |
| Trade payable turnover ratio | Net Credit Purchases | Average Trade Payables | **6.40** | 11.00 | -42% | The decrease is on account of delayed payments |
| Net capital turnover ratio | Net Sales | Working Capital (2) | **4.15** | 3.84 | 8% | |
| Net profit ratio | Net Profit | Net Sales | **10.5%** | 9.3% | 13% | |
| Return on capital employed (ROCE) | Earning before interest and taxes | Capital employed (3) | **56.1%** | 53.5% | 5% | |
| Return on investment | Income generated from invested funds | Average invested in treasury investments | **NA** | NA | NA | |

1) Debt Service = Finance costs + Lease payments
2) Working Capital = Current Assets - Current Liabilities
3) Capital employed = Net worth + Lease liabilities

**Note-31:**

a) The Company has not advanced or loaned or invested funds to any persons or entities, including foreign entities (Intermediaries) with the understanding that the intermediary shall:

   i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

   ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

b) The Company has not received any fund from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

   i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

   ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**Note-32: Additional disclosures as per revised Schedule III guidelines:**

A) The Company does not hold ownership of any immovable properties.

B) The Company does not have transactions with companies struck off under section 248 of the Companies Act 2013 or section 560 of Companies Act 1956.

C) The Company does not hold any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

D) The Company has not availed borrowings from banks or financial institutions on the basis of security of current assets and has not been declared a wilful defaulter by any bank or financial institutions or government or government authority.

**Notes to Financial Statements for the year ended March 31, 2023**
(Rupees in thousands, except as otherwise stated)

E) The Company has not traded or invested in crypto currency or virtual currency during the current year.

F) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

G) The Company does not have any charges, satisfaction of which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.

**Note-33:** The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on 13 November 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

As per our report of even date attached

| | | |
|---|---|---|
| **For B S R & Co. LLP**<br>Chartered Accountants<br>Firm Registration No. 101248W/W-100022 | **For Perigord Data Solutions India Private Limited** | |
| **Rahim Merchant**<br>Partner<br>Membership No.: 132907 | **Paul Thomas Leamy**<br>Director<br>DIN : 07185497 | **Alan Martin Leamy**<br>Director<br>DIN : 07185501 |
| Place : Pune<br>Date : 30.06.2023 | Place : Dublin, Ireland<br>Date : 28.06.2023 | Place : Dublin, Ireland<br>Date : 28.06.2023 |

# BORN GROUP PTE LIMITED

**Unaudited Financial Statement for the**
**Year Ended 31st March 2023**

**Corporate Information**

**Board of Directors**

Mr. Vivek Satish Agarwal
Mr. Manish Goenka

**Bankers**

DBS Bank

**Registered Office**

77, Robinson Road,#16-00,Robinson 77,Singapore-068896

BORN GROUP PTE. LTD.

# STATEMENT OF FINANCIAL POSITION

**For the period ended 31st March 2023**

| Particulars | Note | As at Mar 2023 | As at Mar 2022 |
|---|---|---|---|
| **Assets** | | **US$** | US$ |
| **Non-current assets** | | | |
| Property, plant and equipment | 1 | **280,254** | 1,188,363 |
| Goodwill | 2 | **6,433,373** | 11,309,823 |
| Intangible assets | 1 | **1,860,414** | 2,212,828 |
| Investment in subsidiaries | 3 | **12,857,939** | 13,930,083 |
| Other receivables | 4 | **425,154** | 288,774 |
| Deferred tax assets | | **14,805** | 4,058,925 |
| | | **21,871,939** | 32,988,796 |
| **Current assets** | | | |
| Trade and other receivables | 4 | **19,668,457** | 26,163,792 |
| Prepayments | 5 | **500,232** | 1,027,589 |
| Other financial asset | | **1,068,394** | 211,282 |
| Cash and bank balances | 6 | **1,940,870** | 3,162,573 |
| | | **23,177,953** | 30,565,236 |
| **Total Assets** | | **45,049,892** | 63,554,032 |
| **Equity and Liabilities** | | | |
| **Equity attributable to owners of the Company** | | | |
| Share capital | 7(a) | **60,829,908** | 60,829,909 |
| Share application money pending allotment | 7(b) | **2,158,812** | |
| (Accumulated losses)/Retained earnings | 7(c) | **(39,583,607)** | (37,503,499) |
| Foreign currency translation reserve | 7(d) | **(2,994,654)** | (2,102,233) |
| Total Equity | | **20,410,459** | 21,224,177 |
| Current liabilities | | | |
| Provisions | | **3,439,734** | - |
| **Provision for taxation** | | **420,994** | 23,485 |
| Borrowings | 8 | **3,522,236** | 7,197,019 |
| Trade and other payables | 9 | **12,815,535** | 34,184,916 |
| | | **20,198,498** | 41,405,420 |
| **Non Current liability** | | | |
| Other financial liability | | **(0)** | 889,519 |
| Deffered tax liabiity | | **37,770** | 34,916 |
| Other payables | | **4,403,165** | - |
| | | **4,440,935** | 924,435 |
| Total equity and liability | | **45,049,892** | 63,554,032 |

**For and on behalf of BORN Group PTE Limited**

**Vivek Satish Agarwal**

Date :28.06.2023

Director

# STATEMENTS OF COMPREHENSIVE INCOME

**For the period 1st Apr 2022 to 31st March 2023**

| **Particulars** | Note | **1 April 2022 to 31 March 2023** | 1 January 2021 to 31 March 2022 |
|---|---|---|---|
| | | **US$** | US$ |
| Revenue from rendering of services | 10 | **74,660,070** | 95,899,208 |
| | | **74,660,070** | 95,899,208 |
| Cost of sales | 12 | **(55,763,627)** | (80,155,783) |
| Gross profit | | **18,896,443** | 15,743,424 |
| Other income | 11 | **1,473,400** | 5,170,066 |
| Selling and distribution cost | 12 | **(7,052,809)** | (8,786,061) |
| Administrative expenses | 12 | **(9,856,739)** | (15,127,702) |
| Operating profit | | **3,460,295** | (3,000,272) |
| Finance costs | 13 | **(140,045)** | (195,490) |
| Profit before tax | | **3,320,250** | (3,195,762) |
| Income tax expense | | **(555,339)** | (246,621) |
| Deferred Tax | | **-** | 2,457,786 |
| Profit for the year, representing total comprehensive income for the year | | **2,764,911** | (984,598) |
| Other comprehensive income / (loss) for the year, net of tax | | | |
| Net other comprehensive (loss) / gain to be reclassified to statement of comprehensive income in subsequent years | | | |
| Exchange differences on translation of foreign operations | | **(892,421)** | 818,818 |
| Total comprehensive income for the year attributable to owners of the Company | | **1,872,490** | (165,780) |

**For and on behalf of BORN Group PTE Limited**

**Vivek Satish Agarwal**

Date :28.06.2023

Director

BORN GROUP PTE. LTD.

# STATEMENTS OF CHANGES IN EQUITY

**For the period 1st Apr 2022 to 31st March 2023**

| | Attributable to the owners of the Company | | | | |
|---|---|---|---|---|---|
| **Particulars** | **Share capital (Note 7(a))** | **Share application money pending allotment (Note 7(b))** | **Accumulated losses (Note 7(c))** | **Foreign currency translation reserve (Note 7(d))** | **Total Equity** |
| | US$ | US$ | US$ | US$ | US$ |
| **Group** | | | | | |
| **At 31 Mar 2021** | **47,979,909** | **-** | **(36,519,028)** | **(1,283,415)** | **10,177,466** |
| Profit for the period 1-Jan-2021 to 31-Mar-2022 | - | - | (984,598) | - | (984,598) |
| Exchange differences on translation of foreign operations | - | - | - | (818,818) | (818,818) |
| **Total comprehensive income/(loss) for the year** | **-** | **-** | **(984,598)** | **(818,818)** | **(1,803,416)** |
| Issued during the year | 12,850,000 | - | - | - | 12,850,000 |
| Others | - | | 127 | - | 127 |
| **At 31 Mar 2022** | **60,829,909** | **-** | **(37,503,499)** | **(2,102,233)** | **21,224,177** |
| Profit for the Period 1-April-2022 to 31- Mar-2023, net of tax | - | | 2,764,911 | - | 2,764,911 |
| Other comprehensive income/(loss) | | | | | |
| Exchange differences on translation of foreign operations | | | - | (892,421) | (892,421) |
| **Total comprehensive income/(loss) for the year** | **-** | **-** | **2,764,911** | **(892,421)** | **1,872,490** |
| Acquisition of subsidiaries | | | (4,845,291) | | (4,845,291) |
| Transactions during the period | | 2,158,812 | | - | 2,158,812 |
| Others | | | 271 | | 271 |
| **At 31 Mar 2023** | **60,829,909** | **2,158,812** | **(39,583,608)** | **(2,994,654)** | **20,410,459** |

**For and on behalf of BORN Group PTE Limited**

**Vivek Satish Agarwal**

Date :28.06.2023

Director

# CASH FLOW STATEMENTS

**For the period 1st Apr 2022 to 31st March 2023**

| **Particulars** | **Note** | **2023** | 2022 |
|---|---|---|---|
| | | **US$** | US$ |
| **Operating activities** | | | |
| Profit before tax | | **3,320,250** | (3,195,762) |
| **Adjustments for:** | | | |
| Depreciation of property, plant and equipment | 1 | **219,871** | 687,401 |
| Amortization of intangible assets | 1 | **363,939** | 164,535 |
| Gratuity and leave encashment expense | 12.1 | **2,422** | - |
| Finance cost | 13 | **140,045** | 195,264 |
| Accrued interest on income tax | | **-** | 21,566 |
| Unrealised exchange loss/profit recognised in profit and loss | | **171,105** | (25,062) |
| Total adjustments | | **897,382** | 1,043,704 |
| **Operating cash flows before changes in working capital** | | **4,217,632** | (2,152,058) |
| Changes in working capital: | | | |
| Increase in trade, other receivables and prepayments | | **12,665,068** | (4,851,768) |
| Increase / (decrease) in provision for employee benefits | | **(2,422)** | (107,775) |
| Decrease (increase) in trade and other payables | | **-** | 1,629,612 |
| Net working capital adjustment | | **(1,439,120)** | (3,575,471) |
| | | **2,778,512** | (5,727,529) |
| Income tax paid /(refund) | | **(447,251)** | 161,862 |
| **Net cash flows from / (used in) operating activities** | | **2,331,261** | (5,565,667) |
| **Investing activities** | | | |
| Purchase of property, plant and equipment | 1 | **(101,009)** | (325,751) |
| Purchase of investments | | **253,342** | (6,981,324) |
| **Net cash flows used in investing activities** | | **152,333** | (7,307,075) |
| **Financing activities** | | | |
| Proceeds from issue of shares and share application money received | | **2,158,740** | 12,779,337 |
| Proceeds from borrowings | | **(5,875,000)** | 1,875,000 |
| Finance cost | 13 | **(140,045)** | (485,375) |
| **Net cash flows used in financing activities** | | **(3,856,306)** | 14,168,961 |
| **Net (decrease) / increase in cash and cash equivalents** | | **(1,372,712)** | 1,296,218 |
| Effect of exchange rate changes on cash and cash equivalents | | **(1,278)** | (109,872) |
| **Cash and cash equivalents at the beginning of the period** | | **3,314,859** | 1,976,227 |
| **Cash and cash equivalents at the end of the period** | | **1,940,869** | 3,162,574 |
| Borrowing | | **-** | (5,697,019) |
| **Net cash position** | 6 | **1,940,869** | (2,534,446) |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**For and on behalf of BORN Group PTE Limited**

**Vivek Satish Agarwal**
Director

Date :28.06.2023

# NOTES TO FINANCIAL STATEMENTS

**For the period 1st Apr 2022 to 31st March 2023**

**1 Property, plant and equipment**

| Group | Computer and accessories | Furniture and fittings | Office equipments | Leasehold Improvements | Building | Grand Total |
|---|---|---|---|---|---|---|
| **Cost** | US$ | US$ | US$ | US$ | US$ | US$ |
| **At 31 March 2021** | **1,485,724** | **150,114** | **138,706** | **799,008** | **2,544,114** | **5,117,666** |
| Additions | 318,920 | - | - | 6,831 | - | 325751 |
| Acquisition of subsidiaries (Refer note 21) | 453,767 | 280,954 | 749,806 | 398,304 | - | 1,882,831 |
| Exchange differences | (67,448) | (12,774) | (34,965) | (52,674) | - | (167,861) |
| **At 31 Mar 2022** | **2,190,963** | **418,295** | **853,547** | **1,151,468** | **2,544,114** | **7,158,387** |
| Additions | 48,642 | 296 | 1,823 | 50,249 | - | 101,010 |
| Disposals | (538,902) | (112,806) | (20,052) | - | (2,544,114) | (3,215,874) |
| Exchange differences | (88,159) | (17,825) | (48,612) | (66,090) | - | (220,686) |
| **At 31 Mar 2023** | **1,612,544** | **287,960** | **786,706** | **1,135,627** | **-** | **3,822,837** |
| Accumulated depreciation | | | | | | |
| **At 31 March 2021** | **1,153,025** | **149,040** | **137,070** | **778,152** | **1,386,068** | **3,603,354** |
| Depreciation charge for the year | 282,132 | 987 | 661 | 6,576 | 397,044 | 687,400 |
| Acquisition of subsidiaries (Refer note 23) | 403,434 | 280,954 | 749,806 | 398,304 | - | 1,832,498 |
| Exchange differences | (53,849) | (12,760) | (34,916) | (51,704) | - | (153,229) |
| **At 31 Mar 2022** | **1,784,742** | **418,221** | **852,621** | **1,131,328** | **1,783,112** | **5,970,023** |
| Depreciation charge for the period | 357,203 | 27 | 630 | (137,991) | - | 219,869 |
| Disposals | (671,346) | (112,807) | (20,052) | - | (1,783,111) | (2,587,316) |
| Exchange differences | (73,293) | (17,826) | (48,585) | 79,710 | (0) | (59,994) |
| **At 31 Mar 2023** | **1,397,307** | **287,614** | **784,614** | **1,073,047** | **0** | **3,542,583** |
| **Net carrying amount** | | | | | | |
| **At 31 Mar 2023** | **215,237** | **345** | **2,092** | **62,580** | **-** | **280,254** |
| **At 31 Mar 2022** | **406,221** | **74** | **926** | **20,141** | **761,002** | **1,188,364** |
| **At 31 March 2021** | **332,699** | **1,075** | **1,636** | **20,856** | **1,158,046** | **1,514,312** |

## 1 Intangible assets

| | Software | Customer relationship | Total |
|---|---|---|---|
| **Cost** | **US$** | **US$** | |
| **At 31 March 2021** | 811,454 | - | 811,454 |
| Addition during the year | 7,569 | - | 7,569 |
| Additions from Business Acquistion | - | 2,468,020 | 2,468,020 |
| Exchange difference | (37,598) | (195,572) | (233,170) |
| **At 31 Mar 2022** | **781,425** | **2,272,448** | **3,053,873** |
| Exchange difference | (45,614) | (257,647) | (303,261) |
| **At 31 Mar 2023** | **735,811** | **2,014,801** | **2,750,612** |
| **Accumulated amortisation** | | | |
| **At 31 March 2021** | **811,454** | **-** | **811,454** |
| Amortisation during the year | - | 164,535 | 164,535 |
| Additions from Business Acquistion | 7,568 | - | 7,568 |
| Exchange difference | (37,597) | (104,915) | (142,512) |
| **At 31 Mar 2022** | **781,425** | **59,620** | **841,045** |
| Amortisation during the year | 0 | 363,939 | 363,938 |
| Exchange difference | (45,614) | (269,172) | (314,786) |
| **At 31 Mar 2023** | **735,811** | **154,387** | **890,197** |
| **At 31 Mar 2023** | **-** | **1,860,414** | **1,860,415** |
| **At 31 Mar 2022** | **-** | **2,212,828** | **2,212,828** |
| **At 31 March 2021** | **-** | **-** | **-** |

## 2 Goodwill and its impairment (Group)

Born Group Pte. Ltd. recognized the goodwill of US$ 8,392,642 (transalated value, 31-Mar-2023 - US$6,433,373; 31 March 2022 - US$ 6,832,184) recognized for acquisition of Born London limited in 2011. Born Group Inc. got transferred to Tech Mahindra America (TMA) effective from 16-sept.-2022.

| | 31-Mar-23 | 31-Mar-22 |
|---|---|---|
| | **US$** | US$ |
| Acquisition of Pod 1 Inc., USA | **-** | 4,477,639 |
| Acquisition of BORN London Limited, UK | **6,433,373** | 6,832,184 |
| | **6,433,373** | 11,309,823 |

## 3 Investment

On 25 October 2021, Born London Limited acquired the Share Capital of We Make Websites Ltd, which includes its own subsidiary We Make Websites Inc.

| | 31-Mar-23 |
|---|---|
| **Cost or valuation** | **US$** |
| 01-Apr-22 | **13,116,955** |
| Addition | **(259,008)** |
| 31-Mar-23 | **12,857,947** |

| | | % held | |
|---|---|---|---|
| **Name of undertaking** | Class of shares | **Direct** | **Indirect** |
| We Make Websites Ltd | Ordinary shares | 100% | - |
| We Make Websites Inc. | Ordinary shares | - | 100% |

## 4 Trade and other receivables

| | **Group** | Group |
|---|---|---|
| | **31-Mar-23** | 31-Mar-22 |
| | **US$** | US$ |
| **Current** | | |
| Trade receivables* | **8,107,472** | 15,093,577 |
| Contract asset | **3,732,914** | 9,693,932 |
| Refundable deposits | **56,399** | 490,406 |
| Other receivables | **5,194,345** | 211,282 |
| Receivable from other related parties | **3,645,720** | 885,877 |
| | **20,736,850** | 26,375,074 |
| **Non-current** | | |
| Refundable deposits | **139,704** | - |
| Income tax credit | **285,451** | 288,774 |
| | **425,155** | 288,774 |
| Total trade and other receivables | **21,162,005** | 26,663,848 |
| Add : Cash and cash balances | **1,940,870** | 3,162,573 |
| **Total loans and receivables** | **23,102,875** | 29,826,421 |

(a) Trade receivables are non-interest bearing and are generally on 30-90 day terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Other receivables represents corporation tax receivables, advances recoverable from employees, client reimbursements and tax deducted at source recoverable.

(c) Amounts Due from Related Parties are trade related, Unsecured, non- interest bearing, repayble on demand and are to be settled in Cash.

*Trade receivables denominated in foreign currencies at 31 Marchare as follows:

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| | **US$** | US$ |
| Great Britain Pounds | **648,100** | 1,852,266 |
| Euro | **92,686** | 25,284 |
| Singapore Dollars | **155,321** | 46,479 |
| Swiss Franc | **501,832** | 84,898 |
| Chinies Yuan | **76,677** | - |
| Japanese yen | **-** | 15,387 |
| Canadian Dollars | **-** | 347,906 |
| Australian Dollars | **13,411** | - |
| Malaysia Ringgits | **-** | 1,310,750 |
| Thai Baht | **-** | 32,889 |
| **Total amount denominated in foreign currencies** | **1,488,027** | 3,715,859 |

Trade receivables are non-interest bearing and are generally on 30-90 day terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

At the end of the year, the ageing analysis of trade receivables is as follows:

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| | **US$** | US$ |
| Neither past due nor impaired | **3,837,711** | 11,469,395 |
| Past due but not impaired | | |
| Lesser than 30 days | **1,256,040** | 1,808,930 |
| 30 - 60 days | **851,895** | 800,250 |
| 61 - 90 days | **393,926** | 38,339 |
| 91 - 120 days | **553,395** | 13,215 |
| More than 121 days | **1,214,506** | 963,447 |
| **Total Trade receivables** | **8,107,472** | 15,093,576 |

**Receivables that are impaired**

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| | **US$** | US$ |
| Trade receivables - nominal amounts | **8,114,742** | 15,595,968 |
| Less: Allowance for impairment | **(7,270)** | (502,391) |
| | **8,107,472** | 15,093,577 |

## 5 Prepayments

The prepaid expenses comprise of remaining prepaid balances of insurance premium of employees and annual maintenance contracts whose benefits are consumed beyond this financial year.

## 6 Cash and bank balances

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| | **US$** | US$ |
| Great Britain Pounds | **512,504** | 595,140 |
| Singapore Dollars | **237,853** | 224,895 |
| Malaysian Ringgit | **1,264,268** | 270,265 |
| Japanese yen | **-** | 139,008 |
| **Total amount denominated in foreign currencies** | **2,014,626** | 1,229,308 |

For the purpose of the cash flow statement, cash and cash equivalents comprise the following at the end of the reporting year:

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| | **US$** | US$ |
| Cash at bank and on hand | **1,940,870** | 3,162,573 |
| Working capital loans | **(3,522,236)** | (7,197,019) |
| **Cash and cash equivalents** | **(1,581,366)** | (4,034,446) |

**7(a) Share capital**

| | Number of shares | US$ |
|---|---|---|
| **Fully paid ordinary shares with no par value** | | |
| At 31 March 2021 | **266,205** | 47,979,909 |
| At 31 March 2022 | **299,087** | 60,829,909 |
| Share Application Money pending allotment | **-** | 2,158,812 |
| At 31 March 2023 | **299,087** | 62,988,721 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

**7(b) Share capital pending allotment**

Share Application money US$ 2,158,740 received from Tech Mahindra (Singapore) Pte Ltd, Allotment will made in 2023-24.

**Capital management**

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to monitor and adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder or issue new shares. In the event that the Company requires additional capital, monies would be infused by the shareholders to provide appropriate financial support to the Company.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, borrowings, convertible redeemable preference shares, trade and other payables, less cash and short-term deposits. Capital represents equity attributable to the owners of the Company less the fair value adjustment reserve.

| | Note | 31-Mar-23 | 31-Mar-22 |
|---|---|---|---|
| | | US$ | US$ |
| Trade and other payables | 9 | **19,777,505** | 41,381,935 |
| Less: Cash and bank balances | 6 | **-1,940,870** | -3,162,573 |
| Net debt (A) | | **17,836,635** | 38,219,362 |
| Equity attributable to owners of the Company (B) | | **20,410,460** | 21,224,177 |
| Capital and net debt (C) = (A) + (B) | | **38,247,095** | 59,443,539 |
| Gearing ratio (A)/(C) | | **47%** | 64% |

No changes were made in the objective, policies or processes during the year ended 31 March 2022.

**7(c) Retained earnings**

| | Note | 31-Mar-23 | 31-Mar-22 |
|---|---|---|---|
| | | US$ | US$ |
| As at 1st Apr 2022/ 1st Apr 2021 | 9 | **(37,503,499)** | (36,519,028) |
| Profit for the year, representing total comprehensive income for the year | 6 | **2,764,911** | (984,598) |
| Others | | **271** | 127 |
| Acquisition of subsidiaries | | **(4,845,291)** | - |
| At 31st March 2023/As at 31st Mar 2022 | | **(39,583,608)** | (37,503,499) |

## 7(d) Foreign currency translation reserve

| | Note | 31-Mar-23 | 31-Mar-22 |
|---|---|---|---|
| | | US$ | US$ |
| As at 1st Apr 2022/ 1st Apr 2021 | 9 | (2,102,233) | (1,283,415) |
| Exchange differences on translation of foreign operations | 6 | (892,421) | 818,818 |
| At 31st March 2023/As at 31st Mar 2022 | | (2,994,654) | (2,102,233) |

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

## 8 Borrowings (current)

| | | Interest rate | Maturity | US$ |
|---|---|---|---|---|
| **2023** | | | | |
| Working capital loan* | (a) | 4.30% | On demand | 633,968 |
| Working capital loan* | (a) | 5.09% | On demand | 635,065 |
| Working capital loan* | (a) | 5.09% | On demand | 2,253,202 |
| | | | | **3,522,236** |

| | Interest rate | Maturity | US$ |
|---|---|---|---|
| **2022** | | | |
| Working capital loan* | 1.33% | On demand | 4,375,000 |
| Working capital loan* | 1.68% | On demand | 500,000 |
| Working capital loan* | 1.72% | On demand | 1,000,000 |
| Working capital loan* | 1.09% | On demand | 1,322,019 |
| | | | **7,197,019** |

* The Working capital loans forms part of the cash and cash equivalents as disclosed in Note 12.

**Note:**

(a) Working capital bank loan (unsecured) from Tech Mahindra London Limited

## 9 Trade and other payables (Current)

| | Note | 31-Mar-23 | 31-Mar-22 |
|---|---|---|---|
| | | US$ | US$ |
| Trade payables | (a) | 1,620,140 | 15,812,880 |
| Contract liabilities | | 1,449,466 | 2,611,905 |
| Advance from customers | | 241,697 | 507,865 |
| Statutory dues payable | | 183,773 | (179,405) |
| Payable to employees | | 861,567 | 1,767,522 |
| Other payables | (b) | 350,538 | 662,791 |
| Due to other related parties | (c) | 11,548,089 | 13,001,358 |
| Total trade and other payables | | 16,255,269 | 34,184,916 |
| Borrowings | 10 | 3,522,236 | 7,197,019 |
| Other payable | | - | |
| Total financial liabilities carried at amortised cost | | 19,777,505 | 41,381,935 |

Terms and conditions of the above financial liabilities:

(a) Trade payables are non-interest bearing and are normally settled on 30-day terms on average.

(b) Other payables are non-interest bearing and have an average term of 45 days. For explanations on the credit risk management processes (Note 18).

(c) Amounts due to related parties are trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Trade payables denominated in foreign currencies as at 31 March are as follows:

| | **31-Mar-23** | 31-Mar-22 |
|---|---|---|
| | **US$** | US$ |
| Great Britain Pounds | **266,024** | 10,831,972 |
| Euro | **138,028** | 174,066 |
| Australian Dollar | **9,044** | 495,419 |
| Canadian Dollars | **118,958** | - |
| Malaysian Ringgit | **-** | 40,096 |
| South Korean Won | **-** | 100,752 |
| New Zeland Currency | **3,227** | |
| Total amount denominated in foreign currencies | **535,280** | 11,642,305 |

## 10 Revenue

### a) Disaggregation of revenue

| | **1 Apr 2022 to 31 March 2023** | 1 Apr 2021 to 31 March 2022 |
|---|---|---|
| | **US$** | US$ |
| **Rendering of services** | **22,788,072** | 34,534,581 |
| Time and material | **29,459,545** | 40,515,124 |
| Fixed price | **22,412,453** | 20,849,502 |
| Cost plus | **74,660,070** | 95,899,207 |

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

**Time and material**

| **Nature of goods or services** | **Time and material** |
|---|---|
| When revenue is recognised | Revenue is recognised over the implementation services period. |
| Significant payment terms | Invoices are issued to the customers according to their respective billing plans and are normally payable within 30-60 days. |

**Fixed price**

| **Nature of goods or services** | **Fixed price** |
|---|---|
| When revenue is recognised | Revenue from fixed price development contracts is recognised as performance obligations are satisfied. Where performance obligations are satisfied over time as work progresses, revenue is recognised progressively based on the percentage of completion method. The stage of completion is determined as the proportion of the total time cost expected to install the software services that has elapsed at the end of the reporting period (input method).<br>Revenue from fixed price maintenance contracts is recognised based on the right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. |
| Significant payment terms | Invoices are issued to the customers after the services are performed and are normally payable within 30-60 days. |

**Disaggregation of revenue from contracts with customers**

In the following table, revenue from contracts with customers is disaggregated by geographical markets and timing of revenue recognition:

| Revenue by Geography | 1 Apr 2022 to 31 March 2023 | 1 Apr 2021 to 31 March 2022 |
|---|---|---|
| | US$ | US$ |
| United States of America | **20,833,904** | 43,098,350 |
| United Kingdom | **5,787,001** | 6,777,367 |
| Indonesia | **1,189,289** | 1,048,545 |
| Japan | **1,056,626** | 1,730,759 |
| Switzerland | **10,777,064** | 8,873,275 |
| Singapore | **2,077,162** | 2,835,416 |
| Malaysia | **1,486,119** | 2,117,939 |
| India | **21,529,180** | 20,215,909 |
| Canada | **-** | 1,944,745 |
| Egypt | **4,992,781** | 1,803,607 |
| Thailand | **1,380,622** | 1,663,297 |
| China | **1,265,870** | 1,111,541 |
| Other countries | **2,284,452** | 2,678,458 |
| **Total** | **74,660,069** | 95,899,207 |

**10 Revenue (cont'd)**

**b) Contract assets and contract liabilities**

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

| | Note | 1 Apr 2022 to 31 March 2023 | 1 Apr 2021 to 31 March 2022 |
|---|---|---|---|
| | | US$ | US$ |
| Receivables from contract with customers | **4** | **8,107,472** | 15,093,577 |
| Contract assets | **4** | **3,732,914** | 9,693,932 |
| Contract liabilities | **9** | **1,449,466** | 2,611,905 |

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers or for which the Group has billed in advance before performance as required under the contract.

Significant changes in the contract assets and the contract liabilities balances during the period are as follows.

| | **Contract assets** | | **Contract liabilities** | |
|---|---|---|---|---|
| | **31-Mar-23** | **31-Mar-22** | **31-Mar-23** | **31-Mar-22** |
| | **US$** | **US$** | **US$** | **US$** |
| Revenue recognised from prior year balance | – | – | 2,611,905 | 2,494,964 |
| Cash received in advance and not recognised as revenue | – | – | 1,449,466 | 2,611,905 |
| Changes in measurement of progress | 4,804,551 | 9,693,932 | – | – |
| Contract asset reclassified to trade receivables | 9,693,932 | 4,804,551 | – | – |

Significant judgements are used to estimate these total contract costs to complete. In making these estimates, management has relied on the expertise of project teams to determine the progress of the fixed price contracts and on past experience of completed projects. The estimated total contract costs are reviewed every reporting period and adjusted where necessary, with the corresponding effect of change being recognised prospectively from the date of change.

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date.

| **31-Mar-23** | **2023** | **2024** | **2025** | **Total** |
|---|---|---|---|---|
| | **US$** | **US$** | **US$** | **US$** |
| Time and material | 26,620,000 | 16,190,000 | 13,590,000 | 56,400,000 |
| Fixed price | 12,640,000 | 1,010,000 | 340,000 | 13,990,000 |

| **31-Mar-22** | **2023** | **2024** | **2025** | **Total** |
|---|---|---|---|---|
| | **US$** | **US$** | **US$** | **US$** |
| Time and material | 24,292,000 | 18,992,300 | 9,833,000 | 53,117,300 |
| Fixed price | 7,301,000 | 2,850,000 | 324,000 | 10,475,000 |

Variable consideration that is constrained and therefore not included in the transaction price is excluded in the amount presented above.

## 11 Other income

| | **1 April 2022 to 31 March 2023** | 1 January 2021 to 31 March 2022 |
|---|---|---|
| | **US$** | US$ |
| **Rental income** | **190,972** | 747,156 |
| Billable out of pocket expenses | **1,227,516** | 3,805,448 |
| Grant from Government | **54,913** | 261,568 |
| Other miscellaneous income | **-** | 355,894 |
| **Total** | **1,473,400** | 5,170,066 |

## 12 Operating expenses

| | **1 April 2022 to 31 March 2023** | 1 January 2021 to 31 March 2022 |
|---|---|---|
| **By function:** | **US$** | US$ |
| Cost of sales | **55,763,627** | 80,155,783 |
| Operating expenses | | |
| Selling and distribution costs | **7,052,809** | 8,786,061 |
| Administrative expenses | **9,856,739** | 15,127,702 |
| Total operating expenses | **16,909,548** | 23,913,763 |
| Total | **72,673,175** | 104,069,546 |

| | **1 April 2022 to 31 March 2023** | 1 January 2021 to 31 March 2022 |
|---|---|---|
| | **US$** | US$ |
| By nature: | | |
| Outsourced work | **31,943,025** | 41,546,979 |
| Depreciation | **219,869** | 687,400 |
| Amortization of intangible assets | **363,939** | 164,535 |
| Equipment rentals | **44,834** | 90,813 |

| | 1 April 2022 to 31 March 2023 | 1 January 2021 to 31 March 2022 |
|---|---|---|
| | **US$** | US$ |
| Employee benefits expense (Note 4.4) | **33,366,751** | 51,204,782 |
| Recruitment charges | **345,510** | 1,391,733 |
| Insurance | **82,246** | 96,276 |
| Rent | **788,312** | 1,337,261 |
| Repairs and maintenance | **99,141** | 197,346 |
| Software maintenance | **1,316,794** | 2,373,962 |
| Power and fuel | **132,245** | 80,940 |
| Printing and stationery | **6,219** | 11,293 |
| Postage and courier | **21,816** | 41,532 |
| Travelling expenses | **869,491** | 456,125 |
| Telephone expenses and communication expenses | **313,267** | 329,575 |
| Advertisement and sales promotion | **620,933** | 775,368 |
| Entertainment | **159,882** | 191,128 |
| Net foreign exchange loss | **-** | 12,439 |
| Others | **63,007** | 84,599 |
| **Total** | **72,673,174** | 104,069,546 |

### 12.1 Employee benefits expense

| | 1 April 2022 to 31 March 2023 | 1 January 2021 to 31 March 2022 |
|---|---|---|
| | **US$** | US$ |
| Wages and salaries | **30,336,804** | 47,003,386 |
| Social security costs | **3,027,524** | 4,201,396 |
| Gratuity expense | **987** | - |
| Leave encashment | **1,435** | - |
| **Total** | **33,366,750** | 51,204,782 |

## 13 Finance Cost

| | 1 April 2022 to 31 March 2023 | 1 January 2021 to 31 March 2022 |
|---|---|---|
| **Interest expense on:** | **US$** | US$ |
| - Bank borrowings | **88,862** | 101,316 |
| - Others | **51,183** | 94,174 |
| Total | **140,045** | 195,490 |

## 14 Related party disclosures

### A) Related party relationships

| **Subsidiaries** | | | **% of equity interest** | |
|---|---|---|---|---|
| **Particulars** | | **Country of incorporation** | **Subsidiary** | **Step down subsidiary** |
| Group FMG Holdings B.V. | | Netherlands | 100% | - |
| Born London Limited | (b) | United Kingdom | 46% | 54% |
| Born Digital SDN BHD | | Malaysia | 100% | - |
| Born Group HK Company Limited | (a) | Hong Kong | - | - |
| Whitefield Holdings Asia Limited | (a) | Mauritius | - | - |
| Born Japan Kabhushiki Kaisha | (a) | Japan | - | - |

(a) Born Group HK Company ltd., Whitefield Holdings Asia Limited and Born Japan Kabhushiki Kaisha has been liquidated during the year.

(b) 54% equity capital of Born London Limited are held by Group FMG Holdings B.V

**The Immediate holding Company**

| **Name of the entity** | **% of equity interest** |
|---|---|
| Tech Mahindra Singapore Pte Ltd* | 100.00% |

**The Ultimate holding Company**

| **Name of the entity** | **% of equity interest** |
|---|---|
| Tech Mahindra Limited* | 100.00% |

**Fellow Subsidiaries**

| **Name of the entity** | **% of equity interest** |
|---|---|
| Born Commerce Private Limited* | 100% subsidiary of Tech Mahindra Limited |
| Born Group Inc. | 100% subsidiary of Tech Mahindra America |
| We Make Websites Inc. | 100% subsidiary of We Make Website Limited. |
| We Make Websites Ltd. | 100% subsidiary of Born London Limited |

| **Key Management Personnel** | **Relationship** |
|---|---|
| Ritesh Mohan Idnani | Director, Born Group Pte. Ltd. |
| Vivek Satish Agarwal | Director, Born Group Pte. Ltd. |

No other directors or persons of the Company, its subsidiaries and the holding Company have the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

**Directors' interests in employee share option plan**

No options were granted or exercised during the period/year ended 31 March 2023 and 31 March 2022.

At the end of the reporting year, the total number of outstanding share options granted by the Company to the directors under the employee share option plan is Nil (2021: Nil).

B) Related party transactions

| | **(All stated in US$, unless stated otherwise)** | | | |
|---|---|---|---|---|
| Transactions with related parties | **Year** | **Holding Company and Ultimate Holding Company** | **Key Management Personnel** | **Subsidiaries & Fellow Subsidiaries** |
| Investments during the year | 2023 | 2,158,812 | - | 4,402,270 |
| | 2022 | 12,850,000 | - | 13,595,042 |
| Outwork Charges | 2023 | 2,078,107 | - | 20,135,021 |
| | 2022 | 2,667,583 | - | 20,042,795 |
| Remuneration – short-term employee benefits | 2023 | - | - | - |
| | 2022 | - | 323,750 | - |
| Reimbursement of Expenses | 2023 | - | - | - |
| | 2022 | 3,386,995 | 71,511 | - |
| Amounts payable | 2023 | 3,623,248 | - | 5,383,847 |
| | 2022 | 1,452,529 | – | 12,278,998 |
| Amounts receivable | 2023 | 4,029,339 | - | 3,682,818 |
| | 2022 | 4,912,421 | - | 885,877 |

**Terms and conditions of transactions with related parties**

Outstanding balances at the year-end are unsecured, interest free, repayable on demand, and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period/year ended 31 March 2023 and 31 March 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

## 15 Fair value of assets and liabilities

The carrying amounts of total loans and receivables, and total financial liabilities carried at amortised cost are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

**Fair value hierarchy**

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.”

Fair value measurements that use inputs of different hierarchy levels are 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.

| | Group | | | |
|---|---|---|---|---|
| | | Fair value measurement using | | |
| **Particulars** | **Total** | **Quoted prices in active markets US$** | **Significant observable inputs US$** | **Significant unobservable inputs US$** |
| **2023** | US$ | (Level 1) | (Level 2) | (Level 3) |
| **Other financial assets** | | | | |
| Refundable deposits | 56,399 | | 56399 | |
| Financial instruments - Unquoted equity shares* | NIL* | - | - | NIL* |
| | | | | |
| **2022** | - | | | |
| **Other financial assets** | - | | | |
| Refundable deposits | 490,406 | - | 490,406 | - |
| Financial instruments - Unquoted equity shares* | NIL* | - | - | NIL* |

## 16 Financial risk management objectives and policies

The Company’s principal financial liabilities are comprised of convertible redeemable preference shares and trade and other payables. The main purpose of these financial liabilities is to finance and support the Company’s operations. The Company has trade receivables, other receivables and cash balances that arise directly from its operations.

**Financial risk factors**

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. The primary market risk to the Company is foreign exchange risk. The Company currently does not hedge or use derivative financial instruments to mitigate foreign exchange related risk exposures. The Company’s exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The demographics of the customer including the default risk of the industry and country in which the customer operates also has an influence on credit risk assessment.

**Market risk**

Market risk is the risk that the fair value of future cash flows if a financial instrument will fluctuate because of changes in market prices. The principal market risk impacting the Company is currency risk. Financial instruments affected by market risk include deposits, accounts receivable, and accounts payable.

## 17 Financial risk management objectives and policies (cont'd)

**Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables). Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

The Company has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 60 days when they fall due, which are derived based on the Company's historical information.

To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Company considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtors ability to meet its obligations

- Significant changes in the expected performance and behaviour of the debtors, including changes in the payment status of debtors in the group and changes in the operating results of the debtors.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the debtors

- A breach of contract, such as a default or past due event

- It is becoming probable that the debtors will enter bankruptcy or other financial reorganisation

The Company categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 180 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets:

**(i) Non-trade Financial assets at amortised cost**

The Company uses three categories of internal credit risk ratings for debt instruments and loans which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are determined through incorporating both qualitative and quantitative information specific to the counterparty and other external information that could affect the counterparty's behaviour.

The Company compute expected credit loss for this group of financial assets using the probability of default approach. In calculating the expected credit loss rates, the Company considers implied probability of default from external rating agencies where available and historical loss rates for each category of counterparty, and adjust for forward looking information such as forecast of economic condition, which has a bearing on default rates.

A summary of the Company's internal grading category in the computation of the Company's expected credit loss model for the debt instruments and loans is as follows:

| Category | Definition of Category | Basis for recognition of expected credit loss provision |
|---|---|---|
| Grade I | Customers have a low risk of default and a strong capacity to meet contractual cash flows. | 12 month expected credit losses |
| Grade II | Financial assets for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due. | Lifetime expected credit losses |
| Grade III | Interest and/or principal repayments are 60 days past due. | Lifetime expected credit losses |

## 18 Financial risk management objectives and policies (cont'd)

**Credit risk (cont'd)**

There are no significant changes to estimation techniques or assumptions made during the year.  No loss allowance provision for other non-trade financial assets has been provided as management has assessed the impact to be not significant

The gross carrying amount of other non-trade financial asset at amortised cost without taking into account of any collaterals held or other credit enhancements which represents the maximum exposure to loss, is as follows:

| | Particulars | 31-Mar-23 | 31-Mar-22 |
|---|---|---|---|
| 12 month ECL | Non-trade financial asset at amortised cost | **9,036,168** | 1,587,565 |

The gross carrying amount of trade receivables and contract assets of the Group are disclosed in Note 6.

**Trade receivables and contract assets:**

The Company provides for lifetime expected credit losses for all trade receivables, and contract assets using a provision matrix.  The provision rates are determined based on the Company's historical observed default rates analysed in accordance to days past due.  The loss allowance provision as at 31 March 2022 and 31 March 2021 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Summarised below is the information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix, grouped by geographical region:

| Group | Contract assets | Not due | 0-90 days past due | 91-180 days past due | Total |
|---|---|---|---|---|---|
| **31 March 2023** | | | | | |
| Gross carrying amount | 3,732,914 | 3,837,711 | 2,501,860 | 1,775,171 | 11,847,656 |
| Loss allowance provision | | | | (7,270) | (7,270) |
| **31 March 2022** | | | | | |
| Gross carrying amount | 9,693,932 | 11,469,395 | 2,647,519 | 1,479,053 | 25,289,899 |
| Loss allowance provision | - | - | - | (502,391) | (502,391) |

Information regarding loss allowance movement of trade receivables and contract assets are disclosed in Note 6.

**Excessive risk concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

| Particulars | Neither past due nor impaired | Past due but not impaired | Total |
|---|---|---|---|
| **As at 31-Mar-2023** | **US$** | **US$** | **US$** |
| Trade receivables | 7,483,431 | 4,269,761 | 11,753,192 |
| Contract assets | 3,732,914 | - | 3,732,914 |
| Other receivables | 5,675,899 | - | 5,675,899 |
| Cash and bank balances | 1,940,870 | - | 1,940,870 |
| **Total** | **18,833,114** | **4,269,761** | **23,102,875** |

| Particulars | Neither past due nor impaired | Past due but not impaired | Total |
|---|---|---|---|
| **As at 31-Mar-2022** | **US$** | **US$** | **US$** |
| Trade receivables | 12,355,272 | 3,624,181 | 15,979,453 |
| Contract assets | 9,693,932 | - | 9,693,932 |
| Other receivables | 990,462 | - | 990,462 |
| Cash and bank balances | 3,162,573 | - | 3,162,573 |
| **Total** | **26,202,239** | **3,624,181** | **29,826,421** |

## 19 Financial risk management objectives and policies (cont'd)

**Liquidity risk**

The Group monitors its risk to a shortage of funds using its forecasts. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank finance, finance leases and hire purchase contracts. The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

| Particulars | On Demand | Less than 3 months | 3 to 12 months | 1 to 5 years | Total |
|---|---|---|---|---|---|
| | **US$** | **US$** | **US$** | **US$** | **US$** |
| **As at 31-Mar-2023** | | | | | |
| Trade and other payables | 407,522 | 9,907,995 | 3,607,277 | 2332475.132 | 16,255,269 |
| Borrowings | 3,522,236 | | | | 3,522,236 |
| **Total** | **3,929,758** | **9,907,995** | **3,607,277** | **2,332,475** | **19,777,505** |
| | | | | | |
| **As at 31-Mar-2022** | | | | | |
| Trade and other payables | (179,405) | 21,362,963 | 13,001,358 | - | 34,184,916 |
| Borrowings | 7,197,019 | - | - | - | 7,197,019 |
| **Total** | **7,017,614** | **21,362,963** | **13,001,358** | **-** | **41,381,935** |

## 20 Events occurring after the end of the reporting year:

There are no significant events occurring after the end of the reporting year, which can materially change the financial results and financial position for the year.

# BORN GROUP INC

**Corporate Information**

**Board of Directors**

Mr. Dilip Keshu

Mr. Manish M Vyas

**Bankers**

JPMorgan Chase Bank, N.A.

**Registered Office**

114 W. 26th Street, Floor 2,

New York 10001 USA

# FOR THE PERIOD ENDED 31ST MARCH 2023

| | Note | Group 2023 US$ |
|---|---|---|
| **Assets** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 1 | 400,878 |
| Goodwill | 3 | 4,477,639 |
| Investment in subsidiaries | 4 | 100 |
| Other receivables | 4 | 5,654 |
| Deferred tax assets | | 3,673,027 |
| | | **8,557,298** |
| **Current assets** | | |
| Trade and other receivables | 4 | 14,053,663 |
| Prepayments | 5 | 327,883 |
| Cash and bank balances | 6 | 1,163,042 |
| | | **15,544,588** |
| **Total assets** | | **24,101,886** |
| **Equity and Liabilities** | | |
| **Current liabilities** | | |
| Provisions | | 2,466,212 |
| Provision for taxation | | (23,937) |
| Borrowings | 8 | 4,725,000 |
| Trade and other payables | 9 | 10,173,222 |
| | | **17,340,497** |
| **Net current assets/(liabilities)** | | **(1,795,909)** |
| **Non-current liabilities** | | |
| Provisions | | 194,917 |
| Other financial liabilities | | 450,439 |
| | | **645,356** |
| **Total liabilities** | | **17,985,853** |
| **Net assets** | | **6,116,033** |
| **Equity attributable to owners of the Company** | | |
| Share capital | 7(a) | 24,073,098 |
| (Accumulated losses)/Retained earnings | | (17,956,683) |
| Foreign currency translation reserve | | (382) |
| **Total equity** | | **6,116,033** |
| | | **6,116,033** |
| **Total equity and liabilities** | | **24,101,886** |

**For and on behalf of BORN Group Inc**

**Sebastian Murphy**
CFO

**Date:26.06.2023**

# STATEMENTS OF COMPREHENSIVE INCOME

**For the period 16th September 2022 to 31st March 2023**

| | Note | Group 2023 US$ |
|---|---|---|
| Revenue from rendering of services | 10 | 30,006,927 |
| | | **30,006,927** |
| Cost of sales | 12 | (21,666,773) |
| **Gross profit** | | **8,340,154** |
| Other income | 11 | 935,035 |
| Selling and distribution costs | 12 | (3,019,057) |
| Administrative expenses | 12 | (5,147,819) |
| **Operating profit** | | **1,108,313** |
| Finance costs | 14 | (187,713) |
| **Profit/(loss) before tax** | | **920,600** |
| Income tax expense | | 143,409 |
| Deferred Tax | | |
| **Profit/(loss) for the year, net of tax** | | **1,064,009** |
| **Total comprehensive income / (loss) for the year attributable to owners of the Company** | | **1,064,009** |

**For and on behalf of BORN Group Inc**

**Sebastian Murphy**
CFO

**Date:26.06.2023**

# STATEMENTS OF CHANGES IN EQUITY

**For the period 16th September 2022 to 31st March 2023**

| | Attributable to the owners of the Company | | |
|---|---|---|---|
| | **Accumulated losses (Note 17(b))** | **Foreign currency translation reserve (Note 17(d))** | **Total Equity** |
| | **US$** | **US$** | **US$** |
| **Group** | | | |
| Profit for the year, net of tax | 1,064,009 | - | 1,064,009 |
| Other comprehensive income/(loss) | | | |
| Exchange differences on translation of foreign operations | - | (382) | (382) |
| Total comprehensive income/(loss) for the year | **1,064,009** | **(382)** | **1,063,627** |
| **At 31 Mar 2023** | **1,064,009** | **(382)** | **1,063,627** |

**For and on behalf of BORN Group Inc**

**Sebastian Murphy**
CFO

**Date:26.06.2023**

# CASH FLOW STATEMENTS

**For the period 16th September 2022 to 31st March 2023**

| **Particulars** | **Note** | **Group 2023 US$** |
|---|---|---|
| **Operating activities** | | |
| Profit/(loss) before tax | | 920,601 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 12 | 248,814 |
| Gratuity and leave encashment expense | 13 | 30,866 |
| Finance cost | 14 | 187,713 |
| Unrealised exchange loss recognised in profit and loss | | (12,088) |
| Total adjustments | | **455,306** |
| **Operating cash flows before changes in working capital** | | 1,375,907 |
| Changes in working capital: | | |
| Increase in trade, other receivables and prepayments | | (1,805,792) |
| Increase / (decrease) in provision for employee benefits | | (30,866) |
| Increase in trade and other payables | | 1,325,038 |
| Net working capital adjustment | - | - |
| | | **648,066** |
| Finance cost - others | | - |
| Income tax paid | | 143,409 |
| **Net cash flows from / (used in) operating activities** | | **791,475** |
| **Investing activities** | | |
| Purchase of property, plant and equipment | | (17,097) |
| **Net cash flows used in investing activities** | | **(17,097)** |
| **Financing activities** | | |
| Proceeds from issue of shares and share application money received | | (698) |
| Liquidation impact on retained earnings | | (1,150,000) |
| Finance cost | 14 | (183,772) |
| Shares buyback during the year | | (3,941) |
| **Net cash flows used in financing activities** | | **(1,338,411)** |
| **Net (decrease) / increase in cash and cash equivalents** | | (564,033) |
| Effect of exchange rate changes on cash and cash equivalents | | 7,014 |
| **Cash and cash equivalents at 1 January** | | 1,720,061 |
| **Cash and cash equivalents at 31 March 23** | 6 | **1,163,042** |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**For and on behalf of BORN Group Inc**

**Sebastian Murphy**
CFO

**Date:26.06.2023**

## 1 Property, plant and equipment

| Group | Computer and accessories | Furniture and fittings | Office equipments | Leasehold Improvements | Grand Total |
|---|---|---|---|---|---|
| | **US$** | **US$** | **US$** | **US$** | **US$** |
| **Cost** | | | | | |
| At 31 Mar 2022 | **540,988** | **112,806** | **20,052** | **2,544,114** | **3,217,960** |
| Additions | 16,769 | - | - | - | 16,769 |
| Exchange differences | 2,727 | - | - | - | 2,727 |
| At 31 Mar 2023 | **560,483** | **112,806** | **20,052** | **2,544,114** | **3,237,455** |
| Depreciation charge for the year | 17,205 | - | - | 231,609 | 248,814 |
| Exchange differences | 295 | - | - | - | 295 |
| At 31 Mar 2023 | **523,563** | **112,807** | **20,052** | **2,180,155** | **2,836,577** |
| **Net carrying amount** | | | | | |
| At 31 Mar 2023 | **36,920** | **(1)** | **-** | **363,959** | **400,878** |
| At 31 Mar 2022 | **34,925** | **(1)** | **-** | **595,568** | **630,492** |

## 2 Intangible assets

| | Customer relationship | Total |
|---|---|---|
| **Cost** | **US$** | |
| **At 31 Mar 2022** | **264,985** | **264,985** |
| **At 31 Mar 2023** | **264,985** | **264,985** |
| **At 31 Mar 2022** | **264,985** | **264,985** |
| **At 31 Mar 2023** | **264,985** | **264,985** |
| **Net carrying amount** | | |
| At 31 Mar 2023 | **-** | **-** |
| At 31 Mar 2022 | **-** | **-** |

## 3 Goodwill and its impairment (Group)

On 31st May 2012, Born Group Inc. acquired 100% of the voting interests in Pod1 Inc., USA. Pod1 is a creative digital agency with a focus on e-commerce and creative design delivering web development and online marketing campaigns and strategies to its clients through its locations in New York and London. The acquisition strengthened Group FMG's portfolio of creative design, production (content and graphics), and commerce enablement offerings, and reinforced its position as an agency of record for commerce and the production of multi-channel digital assets.

The business acquisition was consummated by entering into a share purchase agreement for agreed aggregate consideration amounting to $8,000,000 (herein after referred to as 'aggregate consideration'). The aggregate undiscounted purchase consideration being $5,613,000 comprises $2,500,000 payable in cash, $113,000 for net working capital adjustment and $3,000,000 representing the undiscounted value of estimated liability to the sellers as contingent consideration. The total net assets identified at fair value on the date of acquisition is $ 413,239. Consequently, the excess of the purchase consideration paid over the fair value of assets acquired, amounting to $ 4,477,639 (refer note 9) has been accounted for as goodwill in the books. This business acquisition strengthened Group capabilities in operating in pre-media and digital segment. The payment of contingent consideration is dependent upon achievement of certain targets of revenue and earnings before interest and tax over the 3 years ending December 31, 2014. The contingent consideration mentioned above is payable to the previous owner of Pod1 Inc, if the entity generates up to $4,000,000 of revenues and $1,000,000 of Earnings before interest, taxes, depreciation or amortization ('EBITDA') for each of the three calendar year period commencing from 2012 to 2014.

Goodwill comprises the value of expected synergies arising from the acquisition and the people, which are not separately recognised as identifiable assets. The goodwill ascribed to this acquisition is not deductible for tax purposes. A deferred tax liability has been recognised on intangibles identified and recognised on this acquisition and the same has been reversed (Refer note 6) in line with the amortisation schedule of the aforesaid intangibles.

During the current year, the condition with respect to the contingent consideration outstanding at the beginning of the current year has been achieved. The full value of outstanding purchase consideration is $4,837,465 (2013 discounted value - $4,145,368) with its corresponding contingent consideration being $ Nil (2013 - $773,797) is due payable upto 30th April 2015.

| | 31-Mar-23 |
|---|---|
| | US$ |
| Acquisition of Pod 1 Inc., USA | 4,477,639 |
| | **4,477,639** |

## 4 Trade and other receivables

| | Note | Group<br>16th Sept 22 to 31 March 2023 |
|---|---|---|
| | | US$ |
| **Current** | | |
| Trade receivables* | | 5,389,294 |
| Contract asset | | 3,358,126 |
| Other receivables | | 5,306,243 |
| | | **14,053,663** |
| **Non-current** | | |
| Refundable deposits | | 5,654 |
| Investment in subsidiaries | | 100 |
| | | **5,754** |
| Total trade and other receivables | | 14,059,317 |
| Add : Cash and cash balances | 6 | 1,163,042 |
| **Total loans and receivables** | | **15,222,359** |

Trade receivables are non-interest bearing and are generally on 30-90 day terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

At the end of the year, the ageing analysis of trade receivables is as follows:

| | US$ |
|---|---|
| Neither past due nor impaired | |
| Past due but not impaired | |
| Lesser than 30 days | 4,683,331 |
| 30 - 60 days | 409,323 |
| 61 - 90 days | 60,695 |
| 91 - 120 days | 27,081 |
| More than 121 days | 208,864 |
| **Total Trade receivables** | **5389293.63** |

**Receivables that are impaired**

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

**5 Prepayments** **327,883.00**

The prepaid expenses comprise of remaining prepaid balances of insurance premium of employees and annual maintenance contracts whose benefits are consumed beyond this financial year.

6 Cash and bank balances

| | 31-Mar-23 |
|---|---|
| | US$ |
| Cash at bank and on hand* | 1,163,042 |
| | **1,163,042** |

For the purpose of the cash flow statement, cash and cash equivalents comprise the following at the end of the reporting year:

| | 31-Mar-23 |
|---|---|
| | US$ |
| Cash at bank and on hand | 1,163,042 |
| Working capital loans | (4,725,000) |
| Cash and cash equivalents | **(3,561,958)** |

**7 Equity attributable to owners of the Company**

**(a) Share capital**

| | Number of shares | US$ |
|---|---|---|
| **Fully paid ordinary shares with no par value** | | |
| At 31 March 2022 | | 24,073,098 |
| At 31 March 2023 | **-** | **24,073,098** |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

**Capital management**

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to monitor and adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder or issue new shares. In the event that the Company requires additional capital, monies would be infused by the shareholders to provide appropriate financial support to the Company.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, borrowings, convertible redeemable preference shares, trade and other payables, less cash and short-term deposits. Capital represents equity attributable to the owners of the Company less the fair value adjustment reserve.

| | 31-Mar-23 |
|---|---|
| | US$ |
| Trade and other payables | 14,898,222 |
| Less: Cash and bank balances | -1,163,042 |
| Net debt (A) | 13,735,180 |
| Equity attributable to owners of the Company (B) | 1,063,627 |
| Capital and net debt (C) = (A) + (B) | 14,798,807 |
| Gearing ratio (A)/(C) | **93%** |

No changes were made in the objective, policies or processes during the year ended 31 March 2023.

**(b) (Accumulated losses)/retained earnings**

| | 31-Mar-23 |
|---|---|
| | **US$** |
| As at 1st Apr 2022 | (19,020,689) |
| Profit for the year, representing total comprehensive income for the year | 1,064,009 |
| At 31st March 2023 | **(17,956,680)** |

**(c) Foreign currency translation reserve**

| | 31-Mar-23 |
|---|---|
| | **US$** |
| As at 1st Apr 2022 | (3,494) |
| Exchange differences on translation of foreign operations | (382) |
| At 31st March 2023 | **(382)** |

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

**8 Borrowings (current)**

| | Note | Interest rate | Maturity | US$ |
|---|---|---|---|---|
| **2023** | | | | |
| Working capital loan* | | 5.80% | 3 months rollover | 4,725,000 |
| | | | | **4,725,000** |

**9 Trade and other payables (current)**

| | 31-Mar-23 |
|---|---|
| | **US$** |
| Trade payables | 223,414 |
| Contract liabilities | 1,257,307 |
| Advance from customers | 188,777 |
| Statutory dues payable | 88,270 |
| Payable to employees | 880,627 |
| Due to other related parties | 7,534,827 |
| Total trade and other payables | **10,173,222** |
| Borrowings | 4,725,000 |
| Total financial liabilities carried at amortised cost | **14,898,222** |

**Terms and conditions of the above financial liabilities:**

(a) Trade payables are non-interest bearing and are normally settled on 30-day terms on average.

(b) Other payables are non-interest bearing and have an average term of 45 days. For explanations on the credit risk management processes (Note 23).

(c) Amounts due to related parties are trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

## 10 Revenue

| | Group |
|---|---|
| | **16th Sept 22 to 31 March 2023** |
| | **US$** |
| Rendering of services | 17,203,228 |
| Time and material | 6,732,450 |
| Fixed price | 6,071,249 |
| Cost plus | **30,006,927** |

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

**Time and material**

| | |
|---|---|
| Nature of goods or services | Time and material |
| When revenue is recognised | Revenue is recognised over the implementation services period. |
| Significant payment terms | Invoices are issued to the customers according to their respective billing plans and are normally payable within 30-60 days. |

**Time and material**

| | |
|---|---|
| **When revenue is recognised** | Revenue from fixed price development contracts is recognised as performance obligations are satisfied. Where performance obligations are satisfied over time as work progresses, revenue is recognised progressively based on the percentage of completion method. The stage of completion is determined as the proportion of the total time cost expected to install the software services that has elapsed at the end of the reporting period (input method).<br>Revenue from fixed price maintenance contracts is recognised based on the right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. |
| Significant payment terms | Invoices are issued to the customers after the services are performed and are normally payable within 30-60 days. |

**Disaggregation of revenue from contracts with customers**

In the following table, revenue from contracts with customers is disaggregated by geographical markets and timing of revenue recognition:

| **Revenue by Geography** | **16th Sept 22 to 31 March 2023** |
|---|---|
| | **US$** |
| United States of America | 21,204,992 |
| India | 5,216,417 |
| Canada | 2,687,212 |
| Other countries | 898,306 |
| **Total** | **30,006,927** |

**b) Contract assets and contract liabilities**

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

| | Note | 16th Sept 22 to 31 March 2023 |
|---|---|---|
| | | US$ |
| Receivables from contract with customers | | 11,100,054 |
| Contract assets | | 3,894,210 |
| Contract liabilities | | 1,005,611 |

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers or for which the Group has billed in advance before performance as required under the contract.

Significant judgements are used to estimate these total contract costs to complete. In making these estimates, management has relied on the expertise of project teams to determine the progress of the fixed price contracts and on past experience of completed projects. The estimated total contract costs are reviewed every reporting period and adjusted where necessary, with the corresponding effect of change being recognised prospectively from the date of change.

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date.

| 31-Mar-23 | 2023 | 2024 | 2025 | Total |
|---|---|---|---|---|
| | US$ | US$ | US$ | US$ |
| Time and material | 17,203,228 | 13,482,754 | 1,730,201 | 32,416,183 |
| Fixed price | 6,732,450 | 9,223,405 | 6,335,119 | 22,290,974 |

Variable consideration that is constrained and therefore not included in the transaction price is excluded in the amount presented above.

**11 Other income**

| | 16th Sept 22 to 31 March 2023 |
|---|---|
| | US$ |
| Rental income | 302,727 |
| Billable out of pocket expenses | 909,901 |
| Other miscellaneous income | (277,593) |
| **Total** | **935,035** |

## 12 Operating expenses

| | 16th Sept 22 to 31 March 2023 |
|---|---|
| | **US$** |
| By function: | |
| Cost of sales | 21,666,773 |
| **Operating expenses** | |
| Selling and distribution costs | 3,019,057 |
| Administrative expenses | 5,147,819 |
| Total operating expenses | **8,166,876** |
| **Total** | **29,833,649** |
| By nature: | |
| Outsourced work | 8,946,555 |
| Depreciation | 248,813 |
| Equipment rentals | 68,517 |
| Employee benefits expense (Note 4.4) | 17,311,462 |
| Recruitment charges | 68,060 |
| Rent | (41,509) |
| Repairs and maintenance | 18,306 |
| Rates and taxes | 64,777 |
| Software maintenance | 1,043,794 |
| Power and fuel | 18,199 |
| Printing and stationery | 3,965 |
| Postage and courier | 8,572 |
| Legal and professional charges | 646,677 |
| Travelling expenses | 498,989 |
| Telephone expenses and communication expenses | 16,359 |
| Advertisement and sales promotion | 183,327 |
| Entertainment | 63,864 |
| Net foreign exchange loss | 49,089 |
| Provision for bad and doubtful debts (Note 10) | 140,088 |
| Bad debts written off | 467,579 |
| Others | 8,164 |
| **Total** | **29,833,647** |

## 13 Employee benefits expense

| | 16th Sept 22 to 31 March 2023 |
|---|---|
| | **US$** |
| Wages and salaries | 16,118,609 |
| Social security costs | 1,161,986 |
| Gratuity expense | 8,558 |
| Leave encashment | 22,308 |
| Employee stock option transaction expense | - |
| **Total** | **17,311,461** |

## 14 Finance Cost

| | 16th Sept 22 to 31 March 2023 |
|---|---:|
| | **US$** |
| Interest expense on: | |
| - Bank borrowings | 187,713 |
| - Others | 139 |
| **Total** | **187,852** |

## 15 Fair value of assets and liabilities

The carrying amounts of total loans and receivables, and total financial liabilities carried at amortised cost are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

**Fair value hierarchy**

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are 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.

| | Group | | | |
|---|---|---|---|---|
| | Fair value measurement using | | | |
| **Particulars** | **Total** | **Quoted prices in active markets US$** | **Significant observable inputs US$** | **Significant unobservable inputs US$** |
| **2023** | **US$** | **(Level 1)** | **(Level 2)** | **(Level 3)** |
| **Other financial assets** | | | | |
| Refundable deposits | | | | |
| Financial instruments - Unquoted equity shares* | **NIL*** | **-** | **-** | **NIL*** |
| **2022** | | | | |
| **Other financial assets** | | | | |
| Refundable deposits | | | | - |
| Financial instruments - Unquoted equity shares* | **NIL*** | **-** | **-** | **NIL*** |

## 15 Financial risk management objectives and policies

The Company's principal financial liabilities are comprised of convertible redeemable preference shares and trade and other payables. The main purpose of these financial liabilities is to finance and support the Company's operations. The Company has trade receivables, other receivables and cash balances that arise directly from its operations.

### Financial risk factors

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. The primary market risk to the Company is foreign exchange risk. The Company currently does not hedge or use derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The demographics of the customer including the default risk of the industry and country in which the customer operates also has an influence on credit risk assessment.

### Market risk

Market risk is the risk that the fair value of future cash flows if a financial instrument will fluctuate because of changes in market prices. The principal market risk impacting the Company is currency risk. Financial instruments affected by market risk include deposits, accounts receivable, and accounts payable.

## 16 Financial risk management objectives and policies (cont'd)

### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables). Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

The Company has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 60 days when they fall due, which are derived based on the Company's historical information.

To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Company considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtors ability to meet its obligations

- Significant changes in the expected performance and behaviour of the debtors, including changes in the payment status of debtors in the group and changes in the operating results of the debtors.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the debtors

- A breach of contract, such as a default or past due event- It is becoming probable that the debtors will enter bankruptcy or other financial reorganisation

The Company categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 180 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets:

**(i) Non-trade Financial assets at amortised cost**

The Company uses three categories of internal credit risk ratings for debt instruments and loans which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are determined through incorporating both qualitative and quantitative information specific to the counterparty and other external information that could affect the counterparty's behaviour.

The Company compute expected credit loss for this group of financial assets using the probability of default approach. In calculating the expected credit loss rates, the Company considers implied probability of default from external rating agencies where available and historical loss rates for each category of counterparty, and adjust for forward looking information such as forecast of economic condition, which has a bearing on default rates.

A summary of the Company's internal grading category in the computation of the Company's expected credit loss model for the debt instruments and loans is as follows:

| Category | Definition of Category | Basis for recognition of expected credit loss provision |
|---|---|---|
| Grade I | Customers have a low risk of default and a strong capacity to meet contractual cash flows. | 12 month expected credit losses |
| Grade II | Financial assets for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due. | Lifetime expected credit losses |
| Grade III | Interest and/or principal repayments are 60 days past due. | Lifetime expected credit losses |

**17 Financial risk management objectives and policies (cont'd)**

**Credit risk (cont'd)**

There are no significant changes to estimation techniques or assumptions made during the year. No loss allowance provision for other non-trade financial assets has been provided as management has assessed the impact to be not significant

The gross carrying amount of other non-trade financial asset at amortised cost without taking into account of any collaterals held or other credit enhancements which represents the maximum exposure to loss, is as follows:

| | Particulars | 31-Mar-23 |
|---|---|---|
| 12 month ECL | Non-trade financial asset at amortised cost | |

The gross carrying amount of trade receivables and contract assets of the Group are disclosed in Note 7.

**(ii) Trade receivables and contract assets:**

The Company provides for lifetime expected credit losses for all trade receivables, and contract assets using a provision matrix. The provision rates are determined based on the Company's historical observed default rates analysed in accordance to days past due. The loss allowance provision as at 31 March 2023 and 31 March 2022 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Summarised below is the information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix, grouped by geographical region:

**Excessive risk concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

| Particulars | Neither past due nor impaired | Past due but not impaired | Total |
|---|---|---|---|
| **As at 31-Mar-2023** | US$ | US$ | US$ |
| Trade receivables | 5,389,294 | | 5,389,294 |
| Contract assets | 3,358,126 | | 3,358,126 |
| Other receivables | 5,311,897 | | 5,311,897 |
| Cash and bank balances | 1,163,042 | | 1,163,042 |
| **Total** | **15,222,359** | **-** | **15,222,360** |

| Particulars | Neither past due nor impaired | Past due but not impaired | Total |
|---|---|---|---|
| **As at 31-Mar-2022** | US$ | US$ | US$ |
| Cash and bank balances | 1,163,042 | | 1,163,042 |
| **Total** | **1,163,042** | **-** | **1,163,042** |

## 18 Financial risk management objectives and policies (cont'd)

**Liquidity risk**

The Group monitors its risk to a shortage of funds using its forecasts. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank finance, finance leases and hire purchase contracts. The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

| | **Group** | | | | |
|---|---|---|---|---|---|
| Particulars | **On Demand** | **Less than 3 months** | **3 to 12 months** | **1 to 5 years** | **Total** |
| | **US$** | **US$** | **US$** | **US$** | **US$** |
| As at 31-Mar-2023 | | | | | |
| Trade and other payables | | 4,940,273 | 3,517,289 | 1715660 | 10,173,222 |
| Borrowings | | 4725000 | | | 4,725,000 |
| Total | - | **9,665,273** | **3,517,289** | **1,715,660** | **14,898,222** |

## 19 Events occurring after the end of the reporting year:

There are no significant events occurring after the end of the reporting year, which can materially change the financial results and financial position for the year.

# TECH MAHINDRA DIGITAL PTY LTD
**Unaudited Financial Statements for the year ended 31st March 2023.**

**Board of directors**
Mr. Gautam Bhasin
Mr. Anuj Bhalla (Effective March 11 2023)
Mr. Shyam Deshpande (Effective March 11 2023)
Mr. Viswanath Chavali (Up to March 10 2023)

**Registered Office**
6Level 7, 607 Bourke Street,
Melbourne, Victoria 3000

**Bankers**
National Australia Bank

TECH MAHINDRA DIGITAL PTY LTD

# DETAILED BALANCE SHEET AS AT 31ST MARCH'23

( Amt in AUD)

| | 31-Mar-23 | 31-Mar-22 |
|---|---|---|
| **Current Assets** | | |
| Cash and cash equivalent | **2,717,765** | 6,549,841 |
| Account Receivable | **729,403** | 1,385,840 |
| Loan to related party | **4,500,000** | - |
| Advance income tax | **1,907,658** | |
| Inter company receivables | **523,434** | - |
| Accrued revenue | **26,400** | 85,724 |
| Prepaid Expenses | **5,696** | 8,151 |
| **Total Current Assets** | **10,410,356** | 8,029,556 |
| **Non Current Assets** | | |
| Property, Plant and Equipment | **78,156** | 78,156 |
| **Total Non Current Assets** | **78,156** | 78,156 |
| **Total Assets** | **10,488,512** | 8,107,712 |
| **Current Liability** | | |
| **Payables** | | |
| Account Payable | **91,134** | 286,286 |
| Accured expenses | **142,405** | - |
| Accrued Salaries & Wages | **-** | - |
| Provision for annual leaves | **113,280** | 222,895 |
| Inter-company payables | **1,858,598** | 482,736 |
| Others | **232,573** | 184,884 |
| | **2,437,990** | 1,176,801 |
| **Current Tax Liabilites** | | |
| Statutory Dues | **-** | 351,381 |
| Income Tax Liability | **-** | 56,477 |
| | **-** | 407,858 |
| **Total Current Liability** | **2,437,990** | 1,584,659 |
| **Net Assets** | **8,050,522** | 6,523,053 |
| **Equity** | | |
| Issued & paid up capital | **1,320** | 1,320 |
| Capital reserve | **3,229,992** | 4,145,113 |
| Retained Earnings | **4,819,210** | 2,376,620 |
| **Total Equity** | **8,050,522** | 6,523,053 |

**Anuj Bhalla**
Director

Date: June 27, 2023

# STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH'23

( Amt in AUD)

| **Particulars** | **Year ended 31 March 23** | Year ended 31 March 22 |
|---|---|---|
| Revenue from Operation | **9,959,860** | 17,054,803 |
| Other income | **121,410** | 377 |
| Total Income | **10,081,270** | 17,055,180 |
| Expenses | | |
| Employment expenses | **4,488,259** | 13,753,696 |
| Acquisition related employment cost | **-** | |
| Inter co purchase (TML) | **1,133,694** | |
| Staff Welfare Expenses | **1,329** | 7,847 |
| Subcontracting Expenses | **1,448,875** | 963,703 |
| Rent | **-** | 40,273 |
| Communication Expenses | **1,109** | 1,407 |
| Depreciation | **-** | 1,340 |
| Travelling Expenses | **3,613** | 473 |
| Recruitment Expenses | **212,098** | 294,758 |
| Legal and other professional costs | **11,000** | 16,755 |
| Repair and maintenance Expenses | **-** | |
| - Machinery and Computers | **-** | 1,673 |
| Insurance charges | **32,094** | 38,718 |
| Interest expense | **11,468** | |
| Software, Hardware and Project Specific Expenses | **30,796** | 74,333 |
| Advertisement, Promotion & Selling Expenses | **225** | 6,838 |
| General Office Expenses | **3,020** | 4,635 |
| Miscellaneous Expenses | **3,238** | 10,866 |
| Total Expenses | **7,380,818** | 15,217,315 |
| Profit from Ordinary Activities before income tax | **2,700,452** | 1,837,865 |
| Income tax expense | **(257,862)** | (1,275,083) |
| | **2,442,590** | 562,782 |

**Anuj Bhalla**
Director

Date: June 27, 2023

# NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 31 MARCH 2023

**Note 1: Summary of Significant Accounting Policies**

The directors have prepared the financial report on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial report are therefore special purpose financial statements that have been prepared in order to meet the needs of members.

The financial report have been prepared in accordance with the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial report have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded to the nearest dollar. The accounting policies that have been adopted in the preparation of the statements are as follows:

**(a) Income Tax**

The income tax expense (income) for the year comprises current income tax expense (income). The company does not apply deferred tax.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

**(b) Loans and Receivables**

Trade receivables are recognised initially at cost and are subsequently measured at cost less any provision for impairment. Most sales are made on the basis of normal credit terms and are not subject to interest. Where credit is extended beyond normal credit terms and is more than 12 months, receivables are discounted to their present value. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Other receivables include loans granted by the Company and are discounted to present values using the interest rate inherent in the loan.

**(c) Property, Plant and Equipment (PPE)**

Property, plant and equipment are carried at cost, independent of directors' valuation. All assets, excluding freehold land and buildings, are depreciated over their useful lives to the company.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the assets charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

**(d) Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reasonably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

**(e) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**(f) Revenue and Other Income**

Revenue is measured at the value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue recognised related to the provision of services is determined with reference to the stage of completion of the transaction at the reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax (GST).

**(g) Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

**(h) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

**(i) Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

# DIGITAL ONUS, INC.

**Board of Directors**
Mr. Lakshmanan Chidambaram
Mr. Krishna Bala
Mr. Surinder Chawla

**Registered office**
1735 Technology Dr
Suite 575
San Jose California 95110
U.S.A

**Bankers**
HSBC Bank USA NA

**Auditors**
Rajeswari Santhanam CPA
Tranquility Consulting LLP


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# INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors and Shareholders**

**Digital OnUs Inc**

We have audited the accompanying consolidated financial statements of **Digital OnUs Inc.,** which comprise the Balance Sheet as of March 31, 2023, and the related consolidated statements of operations and comprehensive income (loss), changes in shareholder's equity, and Cash flows for the period April 1, 202,2 to March 31, 2023, and the related notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Company designs and maintains accounting and internal control systems to provide reasonable assurance at reasonable cost that assets are safeguarded against loss from unauthorized use or disposition, and that the financial records are reliable for preparing financial statements and maintaining accountability for assets. These systems are augmented by written policies. An organizational structure providing division of responsibilities, careful selection and training of qualified personnel, and a program of internal audits. The Board of Directors meets periodically with management and internal auditors to ensure that each is meeting its responsibilities and to discuss matters concerning it. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations.

**Auditor's Responsibilities**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

**Opinion**

Based on our opinion, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

**Supplementary Information**

The supplementary information is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and, accordingly, do not express an opinion on such information.

RAJESWARI SANTHANAM

BANGALORE

DIGITAL ONUS, INC. AND SUBSIDIARIES

# CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2023

| | Amounts in USD'000 |
|---|---:|
| **ASSETS** | |
| **Current assets** | |
| Cash and equivalents | **6,848** |
| Accounts receivable and accrued revenue | 18,775 |
| Advance taxes | 2,500 |
| Prepaid items and other current assets | 1,101 |
| **Total current assets** | **29,223** |
| **Property and equipment** | |
| Property and equipment, at cost | 2,941 |
| Less: Accumulated depreciation | (1,234) |
| **Net property and equipment** | **1,707** |
| **Other assets** | |
| Deferred tax assets | 771 |
| Investments | 0 |
| Deposits and other assets | 81 |
| **Total other assets** | **852** |
| **Total assets** | **31,782** |
| **LIABILITIES AND SHAREHOLDER'S EQUITY** | |
| **Current liabilities** | |
| Accounts payable and accrued liabilities | 7,762 |
| Accrued Taxes | 2,358 |
| Payroll accrued expenses | 6,131 |
| Accrued State and Federal taxes | 5,351 |
| Other current liabilities | 668 |
| **Total current liabilities** | **22,270** |
| **Other liabilities** | |
| Deferred Revenue | 142 |
| **Total Other current liabilities** | **142** |
| **Shareholder's equity** | |
| Common Stock | 1 |
| Series Seed | 0 |
| Additional Paid in Capital | 18,083 |
| Currency Translation Adjustment | 672 |
| Capital Reserve | 9,590 |
| Retained earnings | (20,086) |
| Net Loss for the period | 1,110 |
| **Total shareholders' equity** | **9,370** |
| **Total liabilities and shareholder's equity** | **31,782** |

# CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD APRIL 1, 2022 TO MARCH 31, 2023

| | Amounts in USD '000 |
|---|---|
| **Revenue from services** | **97,753** |
| **Operating expenses** | |
| Salaries, employee benefits, and taxes | 84,081 |
| Outside engineering services | 7,458 |
| Selling, general and administrative expenses | 2,975 |
| **Net income from operations** | **3,238** |
| **Other Expenses** | |
| Depreciation Exp | 594 |
| Transaction Advisory Fees | (799) |
| Stock Services/Special Gratifications | 73 |
| **Other income (expense)** | - |
| Interest and Other Income | 2,352 |
| **Income (loss) before taxes** | **5,722** |
| **Income taxes** | |
| Federal and state taxes | 1,828 |
| US deferred tax expense (benefit) | (192) |
| Foreign Taxes | 2,976 |
| **Net income (loss)** | **1,110** |
| **Income (Loss) for the period** | **1,110** |
| **Other comprehensive income (loss)** | |
| Currency Translation Adjustment | 672 |
| **Comprehensive income (loss)** | **438** |

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER’S EQUITY FOR THE PERIOD APRIL 1, 2022 TO MARCH 31, 2023

Amounts in USD ‘000

| Particulars | Beginning of the period | Addition | Elimination | End of the period |
|---|---|---|---|---|
| **Equity** | | | | |
| **Common Stock** | | - | | |
| Number of shares | 8,754 | - | - | 8,754 |
| Value | 1 | - | - | 1 |
| **Preferred Stock** | | | | |
| Series Seed Value | 0 | - | - | 0 |
| Additional Paid In Capital | 32,736 | - | -14,653 | 18,083 |
| Retained Earnings | -16,631 | - | -3,455 | -20,086 |
| Net Income | - | -1,604 | 2,714 | 1,110 |
| Capital Reserve | 7,064 | 2,526 | - | 9,590 |
| Currency Translation Adjustments | - | 672 | - | 672 |
| **Total STOCKHOLDERS EQUITY** | **23,169** | **1,594** | **-15,393** | **9,370** |

# CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD APRIL 1, 2022 TO MARCH 31, 2023

| **OPERATING ACTIVITIES** | Amounts in USD’000 |
|---|---|
| **Net Income** | **(2,276)** |
| Account Receivable | 5,576 |
| Unbilled Receivable | 4,072 |
| Interco Receivables | (1,089) |
| Prepaid Expenses | 75 |
| Inter co advances | 667 |
| Inter co payable | (4,059) |
| Trade payables | (906) |
| Advance State and Federal taxes | (2,499) |
| Accumulated Depreciation | 199 |
| Credit cards payable | (6) |
| Leave accruals | (151) |
| Intercompany accruals | (1,042) |
| Billed in Advance | (2,630) |
| Provision for doubtful receivables | 257 |
| Other Accrued Expense | (3,171) |
| Accrued State and Federal taxes | 1,828 |
| Adjustments to earnings/loss in previous financial years | (175) |
| **Net cash provided by operating activities** | **(5,331)** |
| **INVESTING ACTIVITIES** | 0 |
| Investment in Subsidiaries - Canada | 364 |
| Fixed Assets acquisitions | (312) |
| Deferred Tax Assets | (192) |
| Net cash provided by investing activities | **(140)** |
| FINANCING ACTIVITIES | 0 |
| Interco Advances and unbilled - Mexico | (667) |
| Deferred Revenue | (269) |
| Capital Reserve | 2,526 |
| **Net cash provided by financing activities** | **1,590** |
| **Net cash increase for the period** | **(3,882)** |
| **Cash at the beginning of the period** | **10,730** |
| **Cash at the end of the period** | **6,848** |

# NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2023

# OVERVIEW OF ORGANISATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Company and background**

Digital OnUs, Inc. ("Company") is a hyper-specialized services company enabling digital transformations for enterprise customers. With an area of focus on cloud-native development, Hybrid cloud infrastructure automation, and SRE automation for operation. Digital OnUs provides services to its global customers and is based out of California, US. The Company has its nearshore delivery centers in Monterrey, Guadalajara, and Saltillo (Mexico); Ontario, and Toronto (Canada).

The Company was incorporated on March 24, 2015, in Delaware, and on May 7th, 2021, the Company was acquired by Tech Mahindra Americas Inc.

Operations outside the United States include a Subsidiary in Mexico and in Canada. The Parent company in the US is the primary beneficiary of development and consulting services provided by the foreign branch and subsidiaries. Foreign operations are subject to risks inherent in operating under different legal systems and various political and economic environments. Among the risks are changes in existing tax laws, possible limitations on foreign investment and income repatriation, government price or foreign exchange controls, and restrictions on currency exchange.

**Basis of Presentation**

The consolidated financial statements include the accounts of Digital OnUs, Inc., Digital OnUs S. DE R.L. DE C.V. ("DOU Mexico"), and DigitalOnUs Technologies Inc. ("DoU Canada"). The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All significant intercompany balances and transactions have been eliminated in consolidation. The amounts in the financial reports are represented in thousands.

**Fair Value of Financial Instruments**

The Company has estimated the fair value of its financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, and amounts due to related companies. The Company used information available at the fiscal year-end to determine that the carrying amounts of such financial instruments are of approximately fair value in all cases due to their short-term nature.

The Company maintains its cash and cash equivalents in bank deposit accounts in the United States and Mexico. Cash and cash equivalents are reported at carrying value, which approximates fair value.

**Cash and Cash Equivalents**

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. As of March 31, 2023, cash and cash equivalents consist of cash deposited with banks. The Company deposits its cash and cash equivalents with major financial institutions that management believes are of high credit quality; however, at times, balances exceed federally insured Federal Deposit Insurance Corporation (FDIC) and other foreign insurance limits.

Cash and Cash equivalents in USD consist of the following:

| ` | DOU US | DOU Mexico | Total |
|---|---|---|---|
| **Bank Accounts** | | | |
| Bank US HSBC 3901 | 5,103 | | 5,103 |
| Bank US HSBC 2170 | - | | - |
| Bank US HSBC Mexico | | 1,745 | 1,745 |
| **Total Bank Accounts** | **5,103** | **1,745** | **6,848** |

**Trade Accounts Receivables**

The Company grants credit terms in the normal course of business to its customers. Concentrations of credit risk with respect to these trade receivables are considered minimal due to the geographical and operating diversity of the companies involved. The Company's revenues and resulting accounts receivable are derived primarily from large and mid-sized organizations in various industries throughout the United States.

Accounts receivables are recorded at invoiced amounts, net of the Company's estimated allowances for doubtful accounts. The allowance for doubtful accounts is based on specifically identified amounts that the Company believes to be uncollectible. If actual collections experience changes, revisions to the allowance may be required.

**Property Plant and Equipment**

Property Plant and equipment are stated at cost less depreciation and provision for impairment where appropriate. Depreciation expense is computed using the straight-line method over estimated useful lives of three to seven years. All repair and maintenance costs are expensed as incurred.

There is no immovable property owned by the company as on March 31, 2023

As of the balance sheet date property and equipment consist of the following:

| | DOU US | DOU Mexico | Total |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| PPE-Computers & Equipment | 78 | 2,636 | 2,714 |
| Office Equipment | | 98 | 98 |
| Leasehold Improvements | | 129 | 129 |
| | **78** | **2,863** | **2,941** |
| Less: Accumulated depreciation | (68) | (1,167) | (1,234) |
| **Net Fixed Assets** | **10** | **1,696** | **1,707** |

**Investment in Subsidiary**

Digital OnUs, Inc. owns 100% of the common stock of DOU Mexico and could exercise significant influence over the operating and financial policies of this investee. At the beginning of the year, Digital OnUs, Inc., owned 100% of the common stock in DOU Canada. On May 7th, 2022, DoU Canada got dissolved and merged with the Tech Mahindra Canada branch.

**Revenue Recognition**

Revenues are recognized when all the following criteria are met:

Persuasive evidence of an arrangement exists: Evidence of an arrangement consists of a written contract signed by both the customer and management prior to the end of the period.

Delivery or performance has occurred: The Company's software is delivered electronically to the customer.

Delivery is considered to have occurred when the Company provides the customer access to the software along with login credentials.

Fees are fixed or determinable: Fees from licenses are generally due in annual or, in certain cases, quarterly installments over the agreement's term beginning on the license's effective date. Accordingly, fees from term licenses may not be considered to be fixed or determinable until they become due.

Collectability is probable: Collectability is assessed on a customer-by-customer basis, based primarily on credit worthiness as determined by credit checks and analysis, as well as customer payment history. Payment terms generally range from 30 to 90 days from invoice date. If it is determined prior to revenue recognition that collection of an arrangement fee is not probable, revenues are deferred until collection becomes probable or cash is collected, assuming all other revenue recognition criteria are satisfied.

The Company generates revenue from consulting services: Consulting service arrangements are billed

on a time-and-material basis and associated revenue is recognized when there is persuasive evidence of

a contractual arrangement with customers, the delivery has occurred, the sales price is fixed or determinable and collectability is probable. Revenue from fixed-price milestone-based projects is recognized after delivery commitments are met, as it meets the criteria for fixed or determinable fees, and the payment from customers is not contingent upon the purchase or delivery of future maintenance and support.

**Employee Benefits**

Employer contributions to defined contribution and other benefit plans are charged to expense as incurred.

**Accounts Payable**

Amounts classified as accounts payable represent amounts due on account of services received in the normal course of business. Accounts payable have further been classified into accounts payable outstanding for more than six months and less than six months. There are no payables outstanding for more than six months as on March 31. 2023.

**Long Term Debt**

The company does not have any long-term debt in its books of accounts during the period. The Company has not accepted long-term deposits from the public during the period.

**Retained Earnings & Equity of DoU Mexico:**

Retained earnings & Equity of DoU Mexico carry a difference of $1.19 million as compared to US GAAP Consolidated Financials. Provided a reconciliation of differences between the US Consolidated Financials versus DoU Mexico standalone books.

| | Amounts in USD ‘000 |
|---|---|
| Retained Earnings as per the US Audit report | -11,544 |
| Additional Paid in Capital as per the US Audit Report | 14,653 |
| Currency Translation Adjustments | 671 |
| Total Equity as per the US Audit Report | **3,780** |
| Equity including Retained Earnings reported as per Mexico books | **4,970** |
| **Difference between US Consolidation and Mexico stand-alone books** | **1,190** |
| 2019 US Audit adjustment entries related US GAAP vs. Mexico books on VAT refund treatments | 621 |
| 2019 US audit adjustments related to Depreciation adjustments between US GAAP vs. Mexico Books | 30 |
| 2020 US audit adjustments related to Depreciation adjustments | -1 |
| 2023 Payroll Benefit paid to the employees wrongly considered as taxes in the Mexico books | 406 |
| Currency translation difference between Mexico and US consolidation calculations | 134 |
| **Reconciled Differences between US Consolidation and Mexico Stand-alone books** | **1,190** |

**Income Taxes**

Income tax for the period comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

Current tax charge or (benefit) is the amount expected to be paid or recovered from the taxation authorities in respect of taxable profits or losses for current periods and prior periods. Taxes, other than on income, are recorded within operating expenses.

Deferred taxes are accounted for under the asset and liability method for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax balances are measured at tax rates enacted or substantially enacted at the balance sheet date which are expected to apply to the period when the temporary differences will reverse, or the tax loss carryforwards will be utilized. Deferred tax assets for deductible temporary differences are recorded only to the extent that it is probable that future taxable profits will be available against the deductions that can be utilized.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. No uncertain positions were identified during any of the periods presented.

**U.S. State Income Taxes**

The Company engages in business activities in multiple states in the United States. These states subject the US entity to varying rates of franchise or income tax based on the share of revenue, payroll, and property factors apportioned to each state

The consolidated expenses for income taxes consisted of the following components:

**Current Income Taxes**

Amounts in USD '000

| | |
|---|---|
| **Profit after taxes** | **5,722** |
| Add back - Canada Loss | 102 |
| Add back - Intercompany Canada Elimination | (144) |
| Add back: current taxes | - |
| **DOU US Consolidated Profit before taxes** | **5,679** |
| **Permanent Difference** | |
| Earnout | 2,526 |
| FCTR | (671) |
| **Temporary Differences** | |
| The difference in Tax provisions (DOU MX Timing differences) | (361) |
| State Taxes | (176) |
| Depreciation (Book to tax differences) | 175 |
| Provision for bad debts | 257 |
| Labour Contingency | 592 |
| Leave encashment-disallowed last year | (151) |
| **Taxable Income** | **7,871** |
| **Federal tax @21%** | 1,653 |
| **State Taxes** | 175 |
| **Current tax expenses** | **1,828** |

**Deferred Taxes**

The Company utilizes the liability method of accounting for income taxes whereby deferred taxes are determined based on the estimated future tax effects of differences between the financial statements and tax bases of assets and liabilities, using the enacted tax rates that are expected to apply to taxable income when the temporary differences are expected to reverse.

**Current year deferred expenses (benefits) include:**

| **Deferred Tax workings** | **Federal** | **State** |
|---|---|---|
| Tax Rate | 19.13% | 9% |
| **Opening Deferred Tax Asset** | 472 | |
| Depreciation (tax benefit) | 33 | 16 |
| Provision for bad debts (tax benefit) | **49** | **23** |
| Labour Contingency | **113** | |
| Leave Encashment | **(29)** | **(13)** |
| **Ending Deferred Tax Asset** | **639** | **25** |

The deferred tax provisions are calculated by applying an estimate of the annual effective tax rate for the full fiscal year to ordinary income or loss.

**Valuation Allowance:**

**Comprehensive Income**

Comprehensive Income consists of foreign currency translation adjustments from those subsidiaries not using the U.S. dollar as their functional currency.

**Foreign Currency Transactions**

Results of operations for the Company's foreign subsidiaries are translated from the local (functional) currency to the U.S. dollar using average exchange rates during the period, while assets and liabilities are translated at rates of exchange in effect at the date of the balance sheet. The resulting foreign currency translation adjustments are recorded as a separate component of accumulated other comprehensive income in the accompanying consolidated balance sheets. Foreign currency transaction gains (losses) resulting from exchange rate fluctuations on transactions denominated in a currency other than the foreign subsidiary's functional currency are included in earnings. The Company experienced a net foreign currency translation adjustment of $671,487 for the period of April 1st, 2022, to March 31st, 2023.

**Management Estimates and Assumptions**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company's most significant estimates relate to the allowance for doubtful accounts, potential asset impairments, and accruals for Labour contingency based on Mexico's local jurisdiction requirements.

**The concentration of Credit Risk**

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, to the extent of the amounts recorded on the balance sheet.

**Related Party Disclosures**

Name Of Related Parties and Nature of Relationship

| Sl No | Related Party | Nature Of Relationship |
|---|---|---|
| 1 | Digital OnUs, Inc. - US | Parent Entity |
| 2 | Digital OnUs S. DE R.L. DE C.V - Mexico | Wholly Owned Subsidiary |
| 3 | Digital Onus Technologies Inc - Canada | Wholly Owned Subsidiary (Liquidated in the month Nov 2022) |

**Related Party Transaction**

The Company's foreign subsidiary (DOU Mexico) provides engineering, development, and administrative services to DOU Inc, US. While the resource cost for these services is all charged under DOU Mexico, the revenue is generated from DOU Inc US.

DOU Inc US does not have any transactions with DOU Canada effective from Oct 2022, as the employees of DOU Canada were transferred to the Tech Mahindra Canada branch in the month of November 2023. On May 7th, 2022, DoU Canada filed a statutory dissolution and merged with the Tech Mahindra Canada branch. As part of the merger, the assets and liabilities were settled during the process and the net cash of USD 56,405 was transferred to the DOU US account and resulting in the net loss on sale investment of USD 307,316 in the books of DoU standalone US entity.

**SUBSEQUENT EVENTS**

The management has evaluated subsequent events through April 15, 2022. No material subsequent events have occurred through this date that required recognition or disclosure in these consolidated financial statements.

**SUPPLEMENTARY INFORMATION**

# CONSOLIDATED BALANCE SHEET MARCH 31, 2023

| ASSETS | DOU - US | DOU - Mexico | Elimination | Total |
|---|---|---|---|---|
| **Current assets** | | | | |
| Cash and equivalents | 5,103 | 1,745 | 0 | 6,848 |
| Accounts receivable and accrued revenue | 7,077 | 12,439 | (741) | 18,775 |
| Advance taxes | 2,499 | 1 | 0 | 2,500 |
| Prepaid items and other current assets | 0 | 1,101 | 0 | 1,101 |
| **Total current assets** | **14,678** | **15,286** | **(741)** | **29,223** |
| **Property and equipment** | | | | 0 |
| Property and equipment, at cost | 78 | 2,863 | 0 | 2,941 |
| Less : Accumulated depreciation | (67) | (1,167) | 0 | (1,234) |
| Net property and equipment | **10** | **1,696** | **0** | **1,707** |
| Other assets | | | | 0 |
| Deferred tax assets | 664 | 107 | 0 | 771 |
| Investments | 14,653 | 0 | (14,653) | 0 |
| Deposits and other assets | 0 | 81 | 0 | 81 |
| **Total other assets** | **15,316** | **188** | **(14,653)** | **852** |
| **Total assets** | **30,005** | **17,170** | **(15,393)** | **31,782** |
| **LIABILITIES AND SHAREHOLDER'S EQUITY** | | | | 0 |
| **Current liabilities** | | | | 0 |
| Accounts payable and accrued liabilities | 3,370 | 4,392 | 0 | 7,762 |
| Accrued Taxes | 10 | 2,348 | 0 | 2,358 |
| Payroll accrued expenses | 0 | 6,131 | 0 | 6,131 |
| Accrued State and Federal taxes | 4,832 | 519 | 0 | 5,351 |
| Other current liabilities | 668 | 0 | 0 | 668 |
| **Total current liabilities** | **8,880** | **13,390** | **0** | **22,270** |
| **Other liabilities** | | | | 0 |
| Deferred Revenue | 142 | 0 | 0 | 142 |
| **Total Other current liabilities** | **142** | **0** | **0** | **142** |
| **Shareholder's equity** | | | | 0 |
| Common Stock | 1 | 0 | 0 | 1 |
| Series Seed | 0 | 0 | 0 | 0 |
| Additional Paid in Capital | 18,083 | 14,653 | (14,653) | 18,083 |
| Currency Translation Adjustment | 0 | 671 | 0 | 672 |
| Capital Reserve | 9,590 | 0 | 0 | 9,590 |
| Retained earnings | (4,041) | (12,590) | (3,253) | (19,884) |
| Retained earnings - Canada | 0 | 0 | (201) | (201) |
| Net Loss for the period | (2,650) | 1,046 | 2,714 | 1,110 |
| **Total shareholders' equity** | **20,983** | **3,780** | **(15,393)** | **9,370** |
| | | | | 0 |
| **Total liabilities and shareholder's equity** | **30,005** | **17,170** | **(15,393)** | **31,782** |

# DIGITAL ONUS, INC., AND ITS SUBSIDIARIES CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD APRIL 1ST 2022 TO MARCH 31, 2023

| | DOU - US | DOU - Mexico | DOU - Canada | Elimination | Total |
|---|---|---|---|---|---|
| **Revenue from services** | 43,557 | 54,197 | 145 | (146) | 97,753 |
| **Operating expenses** | | | | | |
| Salaries, employee benefits and taxes | 46,306 | 40,261 | 169 | (2,655) | 84,081 |
| Outside engineering services | (7) | 7,430 | 36 | 0 | 7,458 |
| Selling, general and administrative expenses | 1,039 | 1,902 | 34 | 0 | 2,975 |
| | **47,339** | **49,592** | **239** | **(2,655)** | **94,515** |
| **Net Income(Loss) from operations** | (3,782) | 4,605 | (94) | 2,509 | 3,238 |
| **Other Expenses** | | | | | |
| Depreciation Exp | 31 | 555 | 8 | 0 | 594 |
| Transaction Advisory Fees | (799) | | | | (799) |
| Stock Services/Special Gratifications | 0 | 73 | 0 | 0 | 73 |
| | **(768)** | **628** | **8** | **0** | **(132)** |
| **Other income (expense)** | | | | | |
| Interest and Other Income | 2,000 | 45 | 0 | 307 | 2,352 |
| **Income (loss) before taxes** | **(1,014)** | **4,022** | **(102)** | **2,816** | **5,722** |
| **Income taxes** | | | | | |
| US Federal and state taxes | 1,828 | 0 | 0 | 0 | 1,828 |
| US deferred tax expense (benefit) | (192) | 0 | 0 | 0 | (192) |
| Foreign Taxes | | 2,976 | 0 | 0 | 2,976 |
| | **1,636** | **2,976** | **0** | **0** | **4,612** |
| **Net income (loss)** | **(2,650)** | **1,046** | **(102)** | **2,816** | **1,110** |
| **Income (loss) for the period Other comprehensive income (loss)** | **(2,650)** | **1,046** | **(102)** | **2,816** | **1,110** |
| Currency Translation Adjustment | 0 | 671 | 0 | 0 | 672 |
| **Comprehensive income (loss)** | **(2,650)** | **374** | **(102)** | **2,816** | **438** |

# STATEMENT OF CASH-FLOW AS OF MARCH 31, 2023

| OPERATING ACTIVITIES | DOU US | DOU Mexico | Consolidated |
|---|---|---|---|
| **Net Income** | **(2,950)** | **377** | **(2,276)** |
| Account Receivable | 3,483 | 2,093 | 5,576 |
| Unbilled Receivable | 4,072 | 0 | 4,072 |
| Interco Receivables | (1,089) | 0 | (1,089) |
| Prepaid Expenses | 75 | 0 | 75 |
| Inter-co advances | 667 | 0 | 667 |
| Inter-co payable | (4,059) | 0 | (4,059) |
| Trade payables | (239) | (667) | (906) |
| Advance State and Federal taxes | (2,499) | 0 | (2,499) |
| Accumulated Depreciation | 31 | 168 | 199 |
| Credit cards payable | (6) | 0 | (6) |
| Leave accruals | (151) | 0 | (151) |
| Intercompany accruals | (1,042) | 0 | (1,042) |
| Billed in Advance | (2,630) | 0 | (2,630) |
| Provision for doubtful receivables | 257 | 0 | 257 |
| Other Accrued Expense | (3,171) | 0 | (3,171) |
| Accrued State and Federal taxes | 1,828 | 0 | 1,828 |
| Adjustments to earnings/loss previous financial years | 0 | (175) | (175) |
| **Net cash provided by operating activities** | **(7,123)** | **1,792** | **(5,331)** |
| Investment in Subsidiaries - Canada | 364 | 0 | 364 |
| Fixed Assets acquisitions | 0 | (312) | (312) |
| Deferred Tax Assets | (192) | 0 | (192) |
| **Net cash provided by investing activities** | **172** | **(312)** | **(140)** |
| Interco Advances and unbilled - Mexico | 0 | (667) | (667) |
| Deferred Revenue | (269) | 0 | (269) |
| Capital Reserve | 2,526 | 0 | 2,526 |
| **Net cash provided by financing activities** | **2,257** | **(667)** | **1,590** |
| **Net cash increase for period** | **(4,695)** | **813** | **(3,882)** |
| **Cash at beginning of period** | **9,798** | **932** | **10,730** |
| **Cash at end of period** | **5,103** | **1,745** | **6,848** |

## DIGITAL ONUS, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENT OF GENERAL ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED MARCH 31, 2023

| | DOU - US | DOU - Mexico | DOU - Canada | Elimination | Total |
|---|---|---|---|---|---|
| Hosting expenses | 103 | - | - | - | 103 |
| Licenses | 220 | - | - | - | 220 |
| Facilities & Maintenance | - | 92 | - | - | 92 |
| Energy | - | 16 | - | - | 16 |
| Gasoline transportation equipment | - | 1 | - | - | 1 |
| Cleaning Articles | - | 13 | - | - | 13 |
| Rent | 6 | 481 | 28 | - | 515 |
| Office Supplies | 0 | 13 | 0 | - | 13 |
| Postage & Delivery | - | 39 | - | - | 39 |
| Publicity | - | 18 | - | - | 18 |
| Printing & Stationery | 26 | - | - | - | 26 |
| Rates and Taxes | 13 | - | - | - | 13 |
| Legal and Professional Services | 85 | 5 | 5 | - | 95 |
| Insurance | 84 | 0 | - | - | 84 |
| Subscriptions | 72 | 7 | - | - | 79 |
| Miscellaneous | 296 | - | - | - | 296 |
| Facilities and Utilities | 10 | 592 | 1 | - | 603 |
| Travel | 1 | 195 | - | - | 195 |
| Labor Contingency | - | 592 | - | - | 592 |
| Management Lodging | - | 6 | - | - | 6 |
| Employment Services | - | 526 | - | - | 526 |
| Indirect Professional Fees | - | 141 | - | - | 141 |
| Translation adjustments | - | -1 | - | - | -1 |
| Sundry Debtors written off | -7 | - | - | - | -7 |
| Provision for doubtful debts | 257 | - | - | - | 257 |
| Foreign Exchange Gain/Loss | -126 | -833 | - | - | -959 |
| **Total General Administrative Expenses** | **1,039** | **1,902** | **34** | **-** | **2,975** |

# ACTIVUS CONNECT LLC

**Board of Directors**
Mr. Manish M Vyas
Mr. Birendra Sen
Mr. Felix Serrano

**Registered office**
8160 Chilton Drive
Orlando, Fl 32836

**Bankers**
Chase Bank

**Auditors**
CKH Group

# INDEPENDENT AUDITOR'S REPORT

The Member
Activus Connect, LLC 8160 Chilton Dr
Orlando, FL 32836

### Opinion

We have audited the accompanying financial statements of Activus Connect, LLC ("the Company") and Activus Connect PR, LLC (Collectively referred to as "the Group"), which comprise the combined balance sheet as of March 31, 2023, and the related combined statement of operations, combined statement of change in member's equity and cash flows for the twelve months then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Group as of March 31, 2023 and the results of its operations and its cash flows for the twelve months then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Group and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Other matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Combined Supplemental Schedules of Expenses on page 14 is presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Group's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements,

including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Group's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CKH CPA's and Advisors, LLC
Atlanta, Georgia
June 16, 2023

ACTIVUS CONNECT, LLC

# COMBINED BALANCE SHEET

**AT MARCH 31,**

| | | 2023 |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | | $3,334,140 |
| Accounts receivable, net | 3 | 7,732,657 |
| Due from related parties | 4 | 4,143,684 |
| Prepaid expenses and other current assets | | 13,710 |
| | | **15,224,191** |
| **Non-current assets** | | |
| Property and equipment, net | 5 | 85,236 |
| | | **85,236** |
| **Total Assets** | | **$15,309,427** |
| **Current liabilities** | | |
| Accounts payable | | $225,522 |
| Accrued compensation | | 2,077,659 |
| Due to related parties | 4 | 88,064 |
| Income taxes payable via Parent | | 967,371 |
| | | **3,358,616** |
| **Total liabilities** | | **3,358,616** |
| Commitments and contingencies (Note 8) | | |
| Member's equity | 7 | 11,950,811 |
| **Total liabilities and member's equity** | | **$15,309,427** |

# COMBINED STATEMENT OF OPERATIONS

**FOR THE YEAR ENDED MARCH 31,**

| | Schedules | 2023 |
|---|---|---|
| Outsourcing revenue | | $47,401,034 |
| Cost of outsourcing | I | 33,794,394 |
| **GROSS PROFIT** | | **$13,606,640** |
| **OPERATING EXPENSES:** | | |
| Personnel | II | 4,534,297 |
| General and administrative | III | 478,155 |
| **Total operating expenses** | | **5,012,452** |
| **OPERATING PROFIT** | | **$8,594,188** |
| **OTHER EXPENSE** | | |
| Interest expense, net | | (765) |
| **Total other expense** | | (765) |
| **Profit before income tax expense** | | **$8,593,423** |
| Income tax expense | Note 6 | 2,186,565 |
| **NET INCOME** | | **$6,406,858** |

All revenue and profit for the year is generated from continuing operations.

# COMBINED STATEMENT OF CHANGES IN MEMBER'S EQUITY

**FOR THE YEAR ENDED MARCH 31,**

| | Member's Capital | Accumulated Profits | Total Member's Equity |
|---|---|---|---|
| **Balance at March 31, 2022** | $371,313 | $5,172,640 | $5,543,953 |
| Net income for the period | - | 6,406,858 | 6,406,858 |
| **Balance at March 31, 2023** | **$371,313** | **$11,579,498** | **$11,950,811** |

# COMBINED STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED MARCH 31,**

| | 2023 |
|---|---|
| **Cash flows from operating activities** | |
| Net income | $6,406,858 |
| **Adjustments to reconcile net income to net cash provided by operating activities:** | |
| Depreciation | 17,047 |
| **Changes in operating assets and liabilities:** | |
| Accounts receivable, net | (3,761,494) |
| Due from related parties | (2,754,393) |
| Security deposits | 40,000 |
| Prepaid expenses | (12,651) |
| Accrued compensation | 877,769 |
| Due to related parties | 74,999 |
| Accounts payable | 105,311 |
| Income taxes payable via Parent | 967,371 |
| **Net cash provided by operating activities** | **1,960,817** |
| Cash flows from investing activities | |
| Capital expenditures | (102,283) |
| **Net cash used in investing activities** | **(102,283)** |
| Net increase in cash | 1,858,534 |
| Cash and cash equivalents at beginning of period | 1,475,606 |
| **Cash and cash equivalents at March 31** | **$3,334,140** |
| **Supplemental disclosure of cash flow information:** | |
| Interest paid | $(765) |
| Taxes paid | $(708,315) |

# NOTES TO THE FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED MARCH 31, 2023**

**1. NATURE OF OPERATIONS**

Activus Connect, LLC, ("the Company") and Activus Connect PR, LLC (Collectively referred to as "the Group") provides customer service outsourcing. The Group outsource staff to clients throughout the United States and Puerto Rico and through its SmartVirtual CX platform, the Group is dedicated to elevating the customer service experience of its clients, and supporting customers through phone, email, text, video, chat, web, social media or self-serve bots.

Activus Connect LLC was formed in the State of Florida on September 13, 2018. Activus Connect PR, LLC was formed in Puerto Rico on February 03, 2020. The Group is wholly-owned by Tech Mahindra (Americas) Inc. ("the Parent")

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF ACCOUNTING**

These financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**B. BASIS OF COMBINATION**

The accompanying financial statements reflect the combined results of Activus Connect, LLC and Activus Connect PR, LLC for the period ended March 31, 2023. All significant intercompany accounts and transactions have been eliminated in the combined results.

**C. ACCOUNTING ESTIMATES**

The preparation of financial statements in conformity with U.S. GAAP requires the Group to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**D. REVENUE RECOGNITION**

Revenue from support services contracts are recognized as the services are performed and the amounts are earned. The Group considers amounts to be earned once evidence of an arrangement has been obtained, services have been provided, fees are fixed or determinable, and collectability is reasonably assured.

Revenues from support services and commissions earned are presented on the statement of operations, net of allowances or adjustments for agreed changes to reimbursed costs.

**E. COST OF REVENUE**

This includes all direct costs for employees consisting of salaries, payroll taxes, insurance costs, commissions as well as reimbursable costs such as travel, lodging, entertainment, software subscriptions or depreciation.

**F. ADVERTISING AND PROMOTIONS**

The Group expense all costs for advertising and promotions as and when they are incurred. Advertising costs, for the twelve months ended March 31, 2023 were $69,423.

**G. INCOME TAXES**

The Group accounts for income taxes using Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes. Under FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under FASB ASC 740 the effect on the deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Group records valuation allowances against deferred tax assets as deemed necessary.

Per FASB ASC 740-10-20, the Group follows the recognition requirements for uncertain tax positions as required by generally accepted accounting principles in the United States of America. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Group has analyzed tax positions taken for filing with the Internal Revenue Service (IRS) and all state jurisdictions where it operates.

In accordance with guidance in ASC 740-10-30-27, the Company uses a “separate return” method to allocate current and deferred taxes or benefits to members of the consolidated return group (“TMA and subsidiaries”) by applying ASC 740 to each member as if they were separate tax payers. Under the “separate return” method, the subsidiary is assumed to file a separate return with the taxing authority, thereby reporting its taxable income or loss and paying the applicable tax to or receiving the appropriate refund from the Parent.

### H. CASH AND CASH EQUIVALENTS

The Group considers all highly-liquid investments with maturities of three months or less to be cash or cash equivalents.

The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts held by a financial institution in the United States of America. As of March 31, 2023, the Group had $2,847,877 with financial institutions in excess of the federally insured limit.

### I. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are the amounts owed on invoiced contractual agreements either in process or completed by the Group. Accounts receivable are considered delinquent when payment is not received under terms described within the individual contract’s terms.

An allowance for doubtful accounts is provided for those balances considered to be uncollectible based upon historical experience and the Group’s specific review of outstanding account balances. The amounts are written off when determined to be uncollectible by management.

The amount of bad debt expense was $0 for the year ended March 31, 2023 and the amount of the allowance for doubtful receivables expense was $0 for the twelve months ended March 31, 2023.

### J. UNBILLED RECEIVABLES

Unbilled receivables represent accrued revenue earned and recognized on projects for which billings have not yet been presented to the customer.

### K. PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is provided using the straight-line method and is generally based on the following useful lives:

- **Computers – three years;**

  Expenditures for maintenance and repairs are charged to income as incurred. Additions and betterments are capitalized. When assets are retired or otherwise disposed, the related cost and accumulated depreciation are removed from the appropriate accounts and any resulting gain or loss is reflected in operations.

  The Group performs a review of the property and equipment at the end of each project for any impairment of those assets. Property and equipment acquisitions are based on the customer requirement per project. Any such impairment would result in a permanent reduction in the recorded value of the asset. No such impairments existed at March 31, 2023.

### L. RELATED PARTIES

Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the party in making financial and operational decisions. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise). Transactions involving related parties are carried out on an arm’s length basis. Refer to Note 4 for details regarding related party transactions.

### M. LEASES

The Group determines if an arrangement is a lease at inception of the arrangement. These leases are classified as either an operating lease or a finance lease. Based on the evaluation of leases for the twelve months ended March 31, 2023, no leases meet the criteria for classification as a finance lease. Operating leases are capitalized on the balance sheet through a right-of-use (“ROU”) asset and a corresponding lease liability. ROU assets represent the Group’ right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease.

Operating leases are included in operating lease ROU assets, current operating lease liabilities, and long-term operating lease liabilities on the balance sheet. Operating lease ROU assets and liabilities are recognized at the commencement date of an arrangement based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payments made to the lessor prior to lease commencement, less any lease incentives, and initial direct costs incurred. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Activus Connect PR, LLC entered into a contract to lease office space in support of company operations and the lease has been determined to represent a operating lease. In terms of the contract, the company is not contractually obliged to more than 12 months. Thus for this lease the Company elects to utilize the exemption to the disclosure requirements of Topic 842 and recognizes the lease payments as an expense over a straight line basis.

## 3. ACCOUNTS RECEIVABLE, NET

At March 31, accounts receivable balances were as follows:

| | **2023** |
|---|---|
| Amounts due for services rendered and billed | $5,286,745 |
| Less: allowance for doubtful accounts | - |
| Amounts due for services rendered and billed, net | **5,286,745** |
| Amounts due for services rendered, not billed | 2,445,912 |
| Total accounts receivable, net | **$7,732,657** |

**Subsequent receipt and billing of accounts receivable balance**

Subsequent to year end, as of June 16, 2023 $5,286,745 (100%) of the accounts receivable balance outstanding as at March 31, 2023 has been collected and $1,831,065 (75%) of the unbilled balance has been billed, of which $1,831,065 (75%) has been collected.

## 4. TRANSACTIONS WITH RELATED PARTIES

During the year, the Group had transactions with the following related parties. At March 31, the Group had payables due (to) from related parties as follows:

| **Tech Mahindra (Americas), Inc. ("TMA")** | **2023** |
|---|---|
| Beginning balance | $- |
| Income tax payments on behalf of Activus Connect, LLC | 602,718 |
| Payment made | (602,718) |
| Ending balance, due from | **$-** |
| Due (to) from consists of: | |
| Amounts due to TMA | - |
| Amounts due from TMA | - |
| | **$-** |

| **Tech Mahindra Limited ("TML")** | **2023** |
|---|---|
| Beginning balance | $68,459 |
| Cost of services | (147,800) |
| Payment made | 59,736 |
| Billed income | 3,259,536 |
| Unbilled revenue | 1,165,316 |
| Receipts | (2,542,572) |
| Ending balance, due from | **$1,794,216** |
| Due (to) from consists of: | |
| Amounts due to TML | (88,064) |
| Amounts due from TML | 1,950,739 |
| | **$1,862,675** |

| **Eventus Solutions Group, LLC ("Eventus")** | **2023** |
|---|---|
| Beginning balance | $1,307,767 |
| Cost of services | 22,262 |
| Payment made | (35,326) |
| Billed income | 8,656,968 |
| Unbilled revenue | 997,397 |
| Receipts | (8,782,251) |
| **Ending balance, due from** | **$2,166,817** |
| Due (to) from consists of: | |
| Amounts due to Eventus | - |
| Amounts due from Eventus | 2,192,945 |
| | **$2,192,945** |
| **Total amounts due to related parties** | (88,064) |
| **Total amounts due from related parties** | 4,143,684 |
| | **$4,055,620** |

## 5. PROPERTY AND EQUIPMENT, NET

At March 31, property and equipment balances were as follows:

| | **2023** |
|---|---|
| Computers and equipment | $102,283 |
| Less: accumulated depreciation | (17,047) |
| | **$85,236** |

Reconciliation of carrying value of property and equipment for the twelve months ended March 31, was as follows:

| | **2023** |
|---|---|
| Carrying value at the beginning of the year | $- |
| Additions | 102,283 |
| Depreciation | (17,047) |
| Carrying value at the end of the year | **$85,236** |

The depreciation policies followed by the Group are disclosed in Note 2K above.

## 6. INCOME TAXES

The Group accounts for income taxes under the provisions of the FASB ASC 740, Income Taxes, as noted in Note 2G above.

| | **2023** |
|---|---|
| Current income tax expense consists of the following: | |
| Federal | $1,684,549 |
| State | 466,870 |
| Foreign | 35,146 |
| Total current income tax expense | **$2,186,565** |

In the ordinary course of business there are transactions that affect the calculation and estimation of the Group’s tax liability.  Although management believes that the Group’ tax estimates are reasonable, there is no assurance that the final determination of tax liability will not be different from what is reflected in the Group’ historical income tax provisions and accruals.

The Group does not anticipate any amount to be recognized related to the Group’s uncertain tax position.

## 7. MEMBER'S EQUITY

| | 2023 |
|---|---|
| Issued number of units | 1,100 |

On December 3, 2021 Tech Mahindra (Americas), Inc ("TMA") entered into an agreement with the members of the Group whereby it acquired 100% of the shares in the Group.

## 8. COMMITMENTS AND CONTINGENCIES

The Company is involved in a legal matter upon which management issued a settlement offer subsequent to year-end, to the extent of $33,000. It was concluded that the outcome of this matter will not have an adverse effect on the Company's financial position, results of operations, or liquidity. As of the date of the financial statements, the settlement offer has not been accepted by the counterparty.

## 9. CONCENTRATION OF CREDIT RISK

### REVENUE AND ACCOUNTS RECEIVABLE

The majority of the Group's sales are credit sales and terms offered to customers vary according to that negotiated and agreed upon in the signed contracts. The contractual terms on invoices issued to customers vary and are payable upon receipt or immediate to within 45 days.

Aging analysis of gross trade receivables, is as follows:

| | 2023 |
|---|---|
| Less than 30 days | $7,732,657 |
| Between 30 and 120 days | - |
| More than 120 days | - |
| | **$7,732,657** |

The following are customer concentration for revenue for the twelve months ended March 31, 2023 and billed accounts receivable as at March 31, 2023.

Billed Revenue concentration for the 12 months ended March 31, 2023:

| | $ |
|---|---|
| Maximus Federal Services Inc. | 12,671,142 |
| Alight | 7,513,440 |
| Lendistry | 4,586,603 |

Billed accounts receivable concentrations as at March 31, 2023:

| | $ |
|---|---|
| Alight | 3,528,966 |
| Maximus Federal Services Inc. | 1,106,269 |
| TaxAct | 181,421 |

## 10. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined under Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures" ("ASC 820"), as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1–inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.

Level 2–inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.

Level 3–inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

The carrying amounts of cash, accounts receivable and accounts payable approximate fair value due to the short-term maturity of the instruments.

Accounts with banks are assigned to level 2 financial assets under the fair value hierarchy.

## 11. EMPLOYEE BENEFITS

The Group sponsored defined contribution plans in which eligible participants may defer a fixed amount or a percentage of their eligible compensation, subject to limitations, pursuant to Section 401(k) of the Internal Revenue Code. Aggregate contributions charged to operations, including discretionary amounts, for the twelve months ended March 31, 2023 was $359,384.

## 12. SUBSEQUENT EVENTS

The Group has evaluated subsequent events through June 16, 2023, the date the financial statements were available to be issued.

Other than the disclosure added in note 8, no significant events occurred subsequent to the balance sheet date but prior to June 16, 2023, that would have a material impact on the financial statements.

# COMBINED SUPPLEMENTAL SCHEDULES OF EXPENSES

**FOR THE YEAR ENDED MARCH 31,**

| | Activus Connect, LLC | Activus Connect PR, LLC | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Schedule I** | | | |
| **COST OF OUTSOURCING** | | | |
| Personnel expenses | $ 32,576,900 | $ 708,602 | $ 33,285,502 |
| Software subscriptions | 399,360 | - | 399,360 |
| Commissions | 92,485 | - | 92,485 |
| Depreciation | 17,047 | - | 17,047 |
| | **$ 33,461,094** | **$ 708,827** | **$ 33,794,394** |
| **Schedule II** | | | |
| **PERSONNEL** | | | |
| Personnel expenses | 3,932,085 | 602,212 | 4,534,297 |
| | **$ 3,932,085** | **$ 602,212** | **$ 4,534,297** |
| **Schedule III** | | | |
| **GENERAL AND ADMINISTRATIVE** | | | |
| Legal and professional fees | $ 158,443 | $ 16,000 | $ 174,443 |
| Advertising and marketing | 69,423 | - | 69,423 |
| Travel expenses | 38,806 | - | 38,806 |
| Software expenses | 35,164 | - | 35,164 |
| Recruitment | 32,923 | - | 32,923 |
| Dues and subscriptions | 30,481 | 1,115 | 31,596 |
| Office supplies, printing and postage | 28,465 | 22 | 28,487 |
| Insurance | 27,071 | - | 27,071 |
| Charitable contributions | 12,762 | - | 12,762 |
| Meals and entertainment | 12,269 | - | 12,269 |
| Utilities | 5,058 | - | 5,060 |
| Miscellaneous expenses | 45 | 4,802 | 4,845 |
| Bank charges | 3,428 | 144 | 3,572 |
| Office equipment | 1,734 | - | 1,734 |
| | **$ 456,072** | **$ 22,083** | **$ 478,155** |

# TECH MAHINDRA FOUNDATION

**Board of Directors**

Mr. Anand G. Mahindra
Mr. Vineet Nayyar
Mr. C.P. Gurnani
Dr. Anish Shah
Mr. Ulhas N. Yargop
Ms. M. Rajyalakshmi Rao

**Registered Office:**

Oberoi Gardens Estate, Chandivali,
Off Saki Vihar Road,
Andheri (E),
Mumbai - 400 072, India

**Bankers:**

IDBI Bank
Canara Bank
ICICI Bank
Kotak Mahindra Bank Limited
State Bank of India

**Auditors:**

B. K. Khare & Company
Chartered Accountant

# BOARD'S REPORT

Your Directors present their Eighteenth Annual Report of your Company for the year ended 31st March, 2023.

## FINANCIAL SUMMARY

| For the year ended March 31 | 2023 | 2022 |
|---|---|---|
| | **₹ in Lacs** | **₹ in Lacs** |
| Donations received | 4,779.65 | 6,635.47 |
| Interest received on investments | 962.68 | 963.29 |
| Expenditure on the objects of the Company | 5,582.09 | 7,430.87 |
| Corpus fund | 12,366.22 | 12,366.22 |
| Retained Earnings | 2,420.30 | 1,983.57 |

## REVIEW OF ACTIVITIES

The Foundation was set up in 2006, as a Section 25 Company (referred to as a Section 8 Company in the Companies Act, 2013). Since then, it has worked tirelessly towards the overarching vision of "Empowerment through Education", establishing itself as a prominent CSR player within the Mahindra Group as well as a leading social organization at the national level. The Foundation essentially works with children, youth and teachers from disadvantaged urban communities in India, with a special focus on women and persons with disabilities. During the year under review, ("TMF" or "The Foundation" or "the Company") has successfully implemented 132 high-impact projects with more than 80 partners, directly benefitting 61,995 individuals.

## EDUCATION

The key initiatives taken by TMF in the arena of school education include:

### ALL ROUND IMPROVEMENT IN SCHOOL EDUCATION (ARISE)

TMF's educational initiatives under ARISE are long-term school improvement programmes, in partnership with local governments and partner organisations. The Foundation in 2022-23 worked with 18 government primary & secondary schools to transform them into model schools of excellence. A total of 5,224 students were positively impacted under this programme, of which 2,832 were girls.

During the year, the Foundation expanded its work for children with special needs through its ARISE+ programme. This programme is a variant of ARISE in which children with special needs are provided chronic therapy as well as special education to help them lead more fulfilling lives. Through 32 projects, the programme enabled 4,829 children with special needs to become better learners with greater independence in managing their lives. The Foundation has taken up the provision of assistive technology for these children as an important value addition to its work in ARISE+.

### SHIKSHAANTAR

Shikshaantar, envisioned as a programme for enhancing capacity of government school teachers, has emerged as an important programme in the education portfolio of the Foundation. TMF works with the Municipal Corporation of Delhi by running their In-Service Teacher Education Institutes. With the merger of the MCDs, TMF now has the responsibility for training teachers from close to 1,500 primary schools of Delhi. During the year under review, as many as 4,379 teachers were trained as part of Shikshaantar. This included specially designed modules for Digital Literacy, Child Safety, Cyber Security and Mental Health that were delivered to the teachers in a hybrid mode.

### MOBILE SCIENCE LAB & ROBOTICS LAB

In order to increase the footprint of its work in Education and reach the unreached, TMF had launched a unique initiative in 2019-20 - The Mobile Science Lab (MSL). For this, a Mahindra bus has been remodeled to become a science lab on wheels and has been travelling from school to school in East Delhi to provide STEM learning for children in grades 3 and 4 in these schools. The MSL program benefitted as many as 6,861 students and 77 teachers through the year.

Following the success of the MSL program, TMF has also set up a Robotics Lab at one of its ARISE schools in Delhi which is an all-girls school. This lab was inaugurated in November, 2022 and nearly 300 girls from this school are the potential beneficiaries.

**EMPLOYABILITY**

Skills-for-Market Training (SMART) is the Foundation's flagship programme in employability. It is built on the vision of an educated, enabled and empowered India, and the belief that educated and skilled youth are the country's true strength. The programme started with 3 Centres in 2012 and is currently running over 85 Centres at 10 locations across India. These include SMART Centres, SMART+ Centres (training for people with disabilities), and SMART-T Centres (training in technical trades).

In 2022-23, your Company trained 17,641 young women and men under its SMART program, of which, 1,303 were persons with disabilities. More than 70% of the graduates are placed in jobs across multiple industries upon successful completion of the training. The average salaries being earned by the graduates of the SMART program have been steadily rising and saw a 10% jump over the previous year.

The Foundation's commitment to setting new benchmarks in skill development in India has been underscored by the setting up of Tech Mahindra SMART Academies, which provide the highest quality of skill training to youngsters in Healthcare and Digital Technologies. During FY 2022-23, 3,584 students were trained at the nine Academies that are now functional – 5 in Healthcare, 3 in Digital Technologies, and 1 in Logistics.

**TMF'S OUTREACH INITIATIVES**

In addition to all the core programs described above, Tech Mahindra Foundation is now also implementing a number of outreach projects in collaboration with various agencies. As part of these, the TMF team members are engaged in activities such as community health initiatives, teacher training, provision of content for other large-scale projects, etc. As part of such outreach projects, TMF supported 20,734 beneficiaries, taking the total tally of direct beneficiaries to 61,995 for the year. This is nearly 50% more than the number of direct beneficiaries for FY 2021-22, which stood at 41,374.

**MATERIAL CHANGES AND COMMITMENTS**

There are no material changes which will affect the Company.

**SIGNIFICANT AND MATERIAL ORDERS / PROCEEDINGS**

There are no orders passed by the regulators or courts or tribunals which would impact the going concern status and Company's operations in future.

Further no application against the Company has been filed or is pending under the Insolvency and Bankruptcy Code, 2016, nor the Company has done any one time settlement with any Bank or Financial institutions.

**FIXED DEPOSITS**

Your Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as on the balance sheet date.

**AUDITORS**

The members, in the 17th Annual General Meeting held on July 26, 2022, appointed M/s B. K. Khare & Co., Chartered Accountants, [ICAI Registration No.105102W] as the Auditors of the Company, to hold office for a further term of five consecutive years from the conclusion of this Annual General Meeting till the conclusion of the Annual General Meeting of the Company for the Financial Year 2026-27 on such remuneration as may be determined by the Board of Directors.

The members may note that the Ministry of Corporate Affairs vide notification dated 7 May, 2018, has done away with the requirement of yearly ratification of appointment of Statutory Auditors, at the Annual General Meeting.

There are no qualifications, reservation or adverse remark or disclaimer made in the audit report for the Financial Year 2022-23.

**SHARE CAPITAL**

The Company has not issued any equity shares carrying differential rights, sweat equity shares, employee stock options nor provided money for purchase of its own shares by employees or by trustees for the benefit of employees during the financial year. The Company's paid up equity capital is ₹ 5,00,000 comprising of 50,000 equity shares of Face Value of ₹ 10/- each.

**ANNUAL RETURN**

The annual return as on the financial year ended 31st March, 2023 in Form MGT - 7 is available on the web-link: https://techmahindrafoundation.org/reports/

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

a) Conservation of Energy: The operations of the Company are not energy-intensive and hence, the provisions are not applicable.

b) Research and Development: No amount was spent on Research and Development during the year under review.

c) Foreign Exchange Earnings (Donations Received) and outgo: i) Earnings ₹ 4.04 lacs; ii) Outgo ₹ NIL, during the year under review.

**DIRECTORS**

As per Article 16 of the Articles of Association of the Company, all Directors retire at the ensuing Annual General meeting and are eligible for re-appointment.

The Board had noted the sad demise of Mr. Keshub Mahindra, Chairman of the Company on 12th April, 2023. The board members stated that Mr. Keshub Mahindra was an exemplary statesman, revered for his vision, his business acumen, his keen interest in the CSR activities of the company and above all, for his uncompromising professional integrity. The board members further stated that it will be difficult to fill in the void caused due to the sad demise of Mr. Keshub Mahindra.

Dr. Anish Shah (DIN: 02719429) was appointed as an Additional Director with effect from 27th April, 2023 whose term will end at the ensuing Annual General Meeting and being eligible offers himself for appointment.

**NUMBER OF MEETINGS OF BORAD**

During the year ended 31st March 2023, three Board Meetings were held on 25th April, 2022, 1st November, 2022 and 1st February, 2023. The Company being a Section 8 Company, intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

The Company has not given any loans or guarantees or investment under Section 186 of the Companies Act, 2013.

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 during the financial year were in the ordinary course of business and on an arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013. Suitable disclosure as required by the Indian Accounting Standards (IND AS 24) has been made in the notes to the Financial Statements.

The particulars of related party transactions in prescribed Form AOC - 2 is annexed herewith as "**Annexure 1".**

**RISK MANAGEMENT**

The Company risk management is forming part of the internal audit and risk management framework adopted by the Tech Mahindra Limited ("Holding Company"), wherein the elements of risks are reviewed and audited for the organization as a whole including its subsidiaries.

**WHISTLE BLOWER MECHANISM**

Whistle Blower mechanism is forming part of the Holding Company's Code of Ethical Business Conduct Policy which is applicable to all its subsidiaries. The policy sets out ways through which the stakeholders can raise concerns that relate to actual or suspected violations to the Corporate Ombudsman office.

**OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Your Company at group level has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up a Committee for implementation of the said policy. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to provisions of Section 134 (5) of the Companies Act, 2013, your Directors, based on the representation received from the Operating Management, and after due enquiry, confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(iv) the directors have prepared the annual accounts on a going concern basis ; and

(v) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**ACKNOWLEDGEMENTS**

The Board takes this as an opportunity to thank the promoters and all the stakeholders of the Company for their faith and patronage.

**For and on behalf of the Board**

**Anand G. Mahindra**
**Chairman**
**(DIN: 00004695)**

**Place: Pune**
**Date: 27 April, 2023**

# ANNEXURE 1

# FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under fourth proviso thereto**

## 1. Details of contracts or arrangements or transactions not at arm's length basis:

| Sr No. | Name(s) of the related party | Nature of relationship | Nature of Transaction | Duration of the transactions | Salient Features of the transaction | Transactions value | Justification for transaction | Date(s) of approval by the Board | Amount paid as advances | Date of special resolution |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | |
| NIL | | | | | | | | | | |

## 2 Details of material contracts or arrangement or transactions at arm's length basis:

| Sr No. | Name(s) of the related party | Nature of relationship | Nature of Transaction | Duration of the transactions | Transactions value | % to Consol revenue | Date(s) of approval by the Board, if any | Amount paid as advances |
|---|---|---|---|---|---|---|---|---|
| 1 | Tech Mahindra Limited | Holding Company | CSR contribution as per Companies Act, 2013 for the FY 22-23 | April 22 – March 23 | 44,45,00,000 | NA | Since these RPTs are in the ordinary course of business and are at the arms length basis, approval of the board is not applicable. | NA |
| 2 | Tech Mahindra Business Services Ltd. | Fellow Subsidiary Company | CSR contribution as per Companies Act, 2013 for the FY 22-23 | April 22 – March 23 | 1,64,00,458 | NA | | NA |
| 3 | Satyam Venture Engineering Services Pvt. Ltd. | Fellow Subsidiary Company | CSR contribution as per Companies Act, 2013 for the FY 22-23 | April 22 – March 23 | 65,00,000 | NA | | NA |

**For and on behalf of the Board**

**Anand G. Mahindra**
**Chairman**
**(DIN: 00004695)**

**Place: Pune**
**Date: 27 April, 2023**

# INDEPENDENT AUDITOR'S REPORT

To the Members of,
**Tech Mahindra Foundation**
**Report on the Audit of the Financial Statements**

## Opinion

1. We have audited the financial statements of Tech Mahindra Foundation ("the Company") licensed and registered under Section 8 ( erstwhile section 25) of Companies Act 2013, which comprise the Balance sheet as at 31st March 2023, and the Statement of Income and Expenditure (including Other Comprehensive Income), and Statement of Cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as "Financial Statements").

2. 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 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 March 31, 2023, and its surplus, and its cash flows for the year ended on that date.

## Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

4. The Company's Board of Directors and trustees are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 Companies (Accounts) Rules, 2014 (as amended).

5. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## Auditor's Responsibilities for the Audit of the Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the 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 Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f. Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

10. 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.

11. 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**

12. As the Company is licensed and registered under section 8 (erstwhile section 25) of Companies Act, 2013, the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, does not apply to it as stated under Clause 2(iii) of the said Order.

13. 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 Income and Expenditure, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended)

e. On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors and trustees, none of the directors/trustees are disqualified as on 31st March, 2023 from being appointed as a director/trustee in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls with reference to financial Statements.

g. In our opinion and to the best of our information and according to the explanations given to us, no remuneration is paid by the Company to its directors during the year.

h. 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 does not have any pending litigations which would impact its financial position.

   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.

   iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

   b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

   c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

   v. The Company has not declared or paid any dividend during the year.

   vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 relating to audit trail feature of the Company’s accounting software is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under Clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 is not applicable for the current year.

For **B.K. Khare & Co.**
Chartered Accountants
Firm’s Registration No. 105102W

**R. D. Onkar**
Partner
Membership No. 045716
UDIN: 23045716BGVGXJ9224
Pune, April 27, 2023

# ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

**(Referred to in paragraph under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting 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 **Tech Mahindra Foundation** (“the Company”) as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial 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. 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, 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.

### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that:

a. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

b. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors/trustees of the company; and

c. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, considering guidance given by ICAI in its Guidance Note on the essential Components of Internal Control Over Financial Reporting, the framework of internal control needs to be further strengthened by the Company so as to commensurate with the nature and size of its operations.

For **B.K. Khare & Co.**
Chartered Accountants
Firm’s Registration No. 105102W

**R. D. Onkar**
Partner
Membership No. 045716
UDIN: 23045716BGVGXJ9224
Pune, April 27, 2023

TECH MAHINDRA FOUNDATION

# BALANCE SHEET AS AT 31 MARCH, 2023

Amount in Rupees

| Particulars | Note No. | As at March 31 2023 | As at March 31 2022 |
|---|---|---|---|
| **CORPUS & LIABILITY** | | | |
| **(1) SHAREHOLDERS FUND** | | | |
| (a) Equity Share Capital | 2 | **500,000** | 500,000 |
| (b) Corpus Fund & Other Equities | 3 | **1,478,651,778** | 1,434,978,764 |
| Total Equity | | **1,479,151,778** | 1,435,478,764 |
| **(2) NON CURRENT LIABILITIES** | | | |
| (a) Long-Term Provisions | 4 | **5,301,249** | 4,750,955 |
| **Total Non Current Liabilities** | | **5,301,249** | 4,750,955 |
| **(3) CURRENT LIABILITIES** | | | |
| (a) Financial Liabilities | | | |
| (I) Trade Payables | | | |
| (1) Dues of micro enterprises and small enterprises | 5 | **-** | - |
| (2) Dues of creditors other than micro enterprises and small enterprises | 6 | **28,637,283** | 16,153,725 |
| (II) Other Financials Liabilities | 7 | **-** | - |
| (b) Other Current Liability | 8 | **2,158,181** | 3,788,869 |
| (c) Provisions | 9 | **934,212** | 778,734 |
| **Total Current Liabilities** | | **31,729,676** | 20,721,328 |
| **TOTAL EQUITY AND LIABILITIES** | | **1,516,182,708** | 1,460,951,051 |
| **ASSETS** | | | |
| **(1) NON CURRENT ASSETS** | | | |
| (a) Property, Plant & Equipment and In-Tangible Assets | | | |
| (i) Property, Plant & Equipment | 10 | **64,171,249** | 39,213,654 |
| (ii) Other In-Tangible Assets | 11 | **371,556** | 1,651,288 |
| (b) Financial Assets | | | |
| (i) Investments | 12 | **1,205,955,510** | 1,239,889,001 |
| (ii) Other Financial Assets | 13 | **2,623,200** | 3,420,700 |
| (c) Advance Income Taxes | 14 | **8,105,463** | 10,135,390 |
| **Total Non Current Assets** | | **1,281,226,978** | 1,294,310,034 |

Amount in Rupees

| Particulars | Note No. | As at March 31 2023 | As at March 31 2022 |
|---|---|---|---|
| **(2) CURRENT ASSETS** | | | |
| (a) Current Investments | 15 | **103,550,543** | 63,472,851 |
| (b) Cash & Cash Equivalents | 16 | **45,949,526** | 40,162,288 |
| (c) Other Financial Assets | 17 | **73,215,265** | 50,765,482 |
| (d) Balance with Government Authorities | 18 | **12,240,396** | 12,240,396 |
| **Total Current Assets** | | **234,955,730** | 166,641,018 |
| **TOTAL ASSETS** | | **1,516,182,708** | 1,460,951,051 |
| Significant Accounting Policies | 1 | | |
| Notes to Financial Statement | 2-23 | **-** | - |

As per our report of even date attached

**For B K Khare & Co.**
Chartered Accountants
Firm Registration No.105102W

**For Tech Mahindra Foundation**

**R.D. Onkar**
Partner
M No . 045716

**Anand Mahindra**
Director

**Vineet Nayyar**
Director

**Ulhas Yargop**
Director

**M. Rajyalakshmi** Rao
Director

**C. P. Gurnani**
Director

Pune, India
Date: April 27, 2023

Pune, India
Date: April 27, 2023

# STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 MARCH, 2023

Amount in Rupees

| | Particulars | Note No. | As at March 31 2023 | As at March 31 2022 |
|---|---|---|---|---|
| | **INCOME** | | | |
| I. | **Donation Income** | 19 | **477,965,010** | 663,546,582 |
| II. | **Other Income** | 20 | **123,916,948** | 124,803,598 |
| III. | **Total Income (I+II)** | | **601,881,958** | 788,350,180 |
| IV | **Expenditure** | | | |
| | Educational Programme Expenditure | 21 | **318,604,307** | 547,120,507 |
| | Employees Remuneration | 22 | **111,627,507** | 99,068,189 |
| | Depreciation & Amortization Expenses | | **20,932,087** | 23,397,691 |
| | Other expenses | 23 | **107,045,043** | 73,500,886 |
| | **Total Expenses** | | **558,208,944** | 743,087,272 |
| V | **Surplus / (Deficit)** | | **43,673,014** | 45,262,908 |

As per our report of even date attached

**For B K Khare & Co.**
Chartered Accountants
Firm Registration No.105102W

**For Tech Mahindra Foundation**

**R.D. Onkar**
Partner
M No . 045716

**Anand Mahindra**
Director

**Vineet Nayyar**
Director

**Ulhas Yargop**
Director

**M. Rajyalakshmi** Rao
Director

**C. P. Gurnani**
Director

Pune, India
Date: April 27, 2023

Pune, India
Date: April 27, 2023

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2023

Amount in Rupees

| | Particulars | For the year ended March 31 2023 | For the year ended March 31 2022 |
|---|---|---|---|
| A | **Cash Flow from Operating Activities** | | |
| | Surplus / (Deficit) | **43,673,014** | 45,262,908 |
| | Adjustments for : | | |
| | Depreciation and Amortization Expense | **20,932,087** | 23,397,691 |
| | Interest Income | **(94,739,506)** | (96,329,307) |
| | | **(30,134,404)** | (27,668,708) |
| | Changes in working capital : | | |
| | Trade Receivables and Other Assets (Including Income Tax paid) | **4,203,164** | 3,535,690 |
| | Trade Payables, Other Liabilities and Provisions | **11,558,642** | 7,744,591 |
| | | **15,761,806** | 11,280,281 |
| | **Cash generated from operating activities before taxes** | **(14,372,598)** | (16,388,427) |
| | Income taxes paid, net | **-** | - |
| | Net cash generated from operating activities (A) | **(14,372,598)** | (16,388,427) |
| B | **Cash Flow from Investing Activities** | | |
| | Purchase of Property, Plant and Equipment, Intangible Assets and Investment property | **(44,609,947)** | (17,819,018) |
| | Purchase of Treasury Bonds and Bills and Term Deposit (Net) | **(6,144,199)** | (134,213,000) |
| | Fixed Deposit / Margin Money Placed (Net) | | |
| | Interest income received | **70,913,981** | 107,178,422 |
| | **Net cash (used in) investing activities (B)** | **20,159,836** | (44,853,596) |
| C | **Cash Flow from Financing Activities** | | |
| | Transfer to Corpus | **-** | |
| | **Net cash (used in) financing activities (C)** | **-** | - |
| | **Net increase / (decrease) in cash and cash equivalents during the period (D) = (A+B+C)** | **5,787,238** | (61,242,023) |
| | **Cash and Cash Equivalents at the beginning of the year (F)** | **40,162,288** | 101,404,311 |
| | **Cash and cash equivalents at the end of the year** | **45,949,526** | 40,162,288 |
| | **Net increase / (decrease) in cash and cash equivalents** | **5,787,238** | (61,242,023) |

As per our report of even date attached

**For B K Khare & Co.**
Chartered Accountants
Firm Registration No.105102W

**For Tech Mahindra Foundation**

**R.D. Onkar**
Partner
M No . 045716

**Anand Mahindra**
Director

**Vineet Nayyar**
Director

**Ulhas Yargop**
Director

**M. Rajyalakshmi** Rao
Director

**C. P. Gurnani**
Director

Pune, India
Date: April 27, 2023

Pune, India
Date: April 27, 2023

**Notes forming part of the Balance Sheet and Income Expenditure Account**

# SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2023

**1. Company Overview:**

Tech Mahindra Foundation ("the Company"), a company registered under section 25 of the Companies Act, 1956 (now governed by section 8 of the Companies Act, 2013) was incorporated on March 22, 2006, and in compliance of this new Sec 12AB of the Income Tax Act, 1961 – an application for revalidation has been made to the department and consequently the Company has received a fresh registration certificate u/s 12A and 80G which is valid for 5 Assessment Years starting from AY 2022-23.

**The primary objects of the company are:**

i. To provide needy children and/or students with fees, books, equipment, merit based freeships and/or scholarships, food, shelter, training and other help; assist mentally challenged, crippled and physically handicapped children in their rehabilitation through appropriate therapy, education, vocational training and other programmes; render assistance to orphaned, indigent and other less privileged children for their subsistence, shelter, education and medical care.

ii. To render assistance to indigent men, women and children for treatment, medical care, health care, preventive medical services which they otherwise cannot afford; to setup and/or operate or to help in setting up and/or operating, hospitals / nursing homes, shelters for the needy; to develop or adopt village(s) or other centre(s) for general progress and welfare; to render assistance for appropriate literacy, and vocational training programs for needy persons, provide assistance and social service at times of natural calamities like famine, fire, earthquake; to render assistance to handicapped, destitute and needy persons.

iii. To conduct education in public health care, sanitation, cleanliness; and to work or provide assistance for such causes; to work for the health, welfare and upliftment of men, women and children in general without any distinction as to community, background, caste, race, language or religion.

**1A Significant accounting policies:**

**(a) Basis for preparation of accounts:**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles ("GAAP") in India under historical cost convention and on accrual basis, and are in conformity with mandatory accounting standards, as prescribed under Section 133 of the Companies Act 2013, read with rule 7 of the Companies (accounts) Rules, 2014, and the provisions of the Act (to the extent notified).

All assets and liabilities have been classified as current and non-current as per Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013.

**(b) Use of Estimates:**

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities, if any) and the reported income and expenses during the year. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ due to the estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known/materialized.

**(c) Revenue recognition:**

i. Donations received are credited to the Income & Expenditure Account except those received with a specific direction from the donors, that they shall form part of the corpus, which have been accounted for accordingly.

ii. Interest income is recognized on time proportion basis.

iii. Other items of income are accounted for as per the terms of the contract.

**(d) Fixed Assets including intangible assets:**

Fixed assets are stated at cost less accumulated depreciation. Costs comprise of purchase price and attributable costs, if any.

**(e) Depreciation / amortization of fixed assets:**

(i) Depreciation on fixed assets is charged based on straight line method as per the life of the assets as assessed based on technical advice, considering the nature of the asset, estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. Estimate of useful life so made is more conservative than estimated useful life as prescribed in schedule II to the Companies Act, 2013.

| | |
|---|---|
| Computers and Project specific software | 3 years |
| Plant and Machinery | 5 years |
| Furniture and Fixtures | 5 years |
| Office Equipment | 5 years |
| Vehicles | 5 years |
| Leasehold improvements | Amortized over the lease period |

(ii) Assets costing up to ₹ 5,000 are fully depreciated in the year of purchase.

**(f) Investments:**

Long term investments (including current portion thereof) are carried at cost less any diminution other than temporary diminution in the value, determined separately for each investment

Current investments are carried at the lower of cost and fair value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Income and Expenditure.

**(g) Cash and Cash Equivalents:**

Cash and cash equivalents comprise cash at bank and in hand and short term bank deposits, if any with original maturity of three months or less.

**(h) Defined benefit plans and compensated absences:**

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. 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 policy for the same is s below:

**a. <u>Defined benefit plans:</u>**

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognised in income and expenditure account in the period in which they occur. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's last drawn salary and the tenure of the employment.

**b. <u>Defined contribution plans:</u>**

(i) Provident fund:

The eligible employees of the Company are entitled to receive the benefits of Provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently at 12% of the basic salary) which are charged to the statement of profit and loss on accrual basis. The provident fund contributions are paid to the Regional Provident Fund Commissioner by the Company.

(ii) ESIC:

Contributions to employees' state insurance scheme (ESI), which are defined contribution schemes, are charged to the statement of profit and loss on an accrual basis.

The Company has no further obligations for future superannuation fund benefits other than its annual contributions.

(iii) Compensated absences:

The Company provides for compensated absences subject to Company's rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment or availment. The liability is accrued based on the number of days of unavailed leave at each Balance Sheet date. It is measured at the balance sheet date on the basis of an independent actuarial valuation using the Projected Unit Credit method.

Actuarial gains and losses are recognized in full in the statement of profit and loss in the period in which they occur.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2023

**Note 2 : Equity Share Capital**

| **Particulars** | **March 31, 2023** | | March 31, 2022 | |
|---|---|---|---|---|
| | **Number** | **Rupees** | Number | Rupees |
| Authorised | | | | |
| Equity shares of ₹ 10/- each | **50,000** | **500,000** | 50,000 | 500,000 |
| Issued, Subscribed and Paid up | **50,000** | **500,000** | 50,000 | 500,000 |
| Adjusted : Issued, Subscribed and Paid up Share Capital | **50,000** | **500,000** | 50,000 | 500,000 |
| Reconciliation of number of Equity Shares and amount outstanding | | | | |
| Shares outstanding at the beginning of the period | **50,000** | **500,000** | 50,000 | 500,000 |
| **Total** | **50,000** | **500,000** | 50,000 | 500,000 |
| Adjusted : Issued, Subscribed and Paid up Share Capital | **50,000** | **500,000** | 50,000 | 500,000 |

**Number of shares held by each shareholder holding more than 5 percent of the Equity Shares of the Company are as follows:**

| **Shares held by Shareholder at the end of the year** | **As at March 31, 2023** | | As at March 31, 2022 | |
|---|---|---|---|---|
| | **No. of Shares held** | **% of Holding** | No. of Shares held | % of Holding |
| Tech Mahindra Limited | **50,000** | **100** | 50,000 | 100 |

The shares held by Tech Mahindra Limited represent the initial capital contributed by Tech Mahindra Limited as a Settlor of the Trust. Tech Mahindra Limited does not exercise any control over the company

**Note 3 : Other Equity**

Amount in Rupees

| **Particulars** | **As at March 31 2023** | As at March 31 2022 |
|---|---|---|
| **Corpus Fund** | | |
| Opening balance | **1,236,621,656** | 1,236,621,656 |
| **Add**: | | |
| Corpus donations received during the year | **-** | - |
| **Closing Balance** | **1,236,621,656** | 1,236,621,656 |
| **Retained Earnings** | | |
| Opening balance | **198,357,108** | 153,094,200 |
| **Add :** | | |
| Surplus / (Deficit) for the year | **43,673,014** | 45,262,908 |
| Closing Balance | **242,030,122** | 198,357,108 |
| **Total** | **1,478,651,778** | 1,434,978,764 |

**Note 4 : Long Term Provisions**

Amount in Rupees

| Particulars | As at March 31 2023 | As at March 31 2022 |
|---|---|---|
| **Provision for employee benefits** | | |
| - Gratuity | **3,816,656** | 3,226,379 |
| - Compensated absences | **1,484,593** | 1,524,576 |
| **Other Provisions** | | |
| - Capital Asset Grant Fund | **-** | - |
| **Total** | **5,301,249** | 4,750,955 |

**Note 5: Trade Payables - Dues of Micro & Small Enterprises**

Amount in Rupees

| Particulars | As at March 31 2023 | As at March 31 2022 |
|---|---|---|
| - Trade Paybles - Dues of Micrs & Small Enterprises | **-** | - |
| **Total** | **-** | - |

**Note 6: Trade Payables - Dues of Creditors Other than Micro & Small Enterprises**

Amount in Rupees

| Particulars | As at March 31 2023 | As at March 31 2022 |
|---|---|---|
| - Account Payable Exp | **26,040,549** | 14,790,144 |
| - Provision of Expenses | **2,596,734** | 1,363,580 |
| **Total** | **28,637,283** | 16,153,725 |

**Note 6A: TRADE PAYABLE AGING SCHEDULE FOR THE YEAR ENDED 31 MARCH, 2023**

Amount in Rupees

| **Particulars** | **Outstanding for followig Periods from Due Date of Payment** | | | | **Total** |
|---|---|---|---|---|---|
| | **Less than 1 Yr** | **1-2 Yr** | **2-3 Yr** | **More than 3 Years** | |
| (i) MSME | - | - | - | - | - |
| (ii) Others | 28,637,283 | - | - | - | 28,637,283 |
| (iii) Disputed Dues - MSME | - | - | - | - | - |
| (iv) Disputed Dues - Others | - | - | - | - | - |
| **Total** | **28,637,283** | **-** | | | **28,637,283** |

**Note 6B: TRADE PAYABLE AGING SCHEDULE FOR THE YEAR ENDED 31 MARCH, 2022**

Amount in Rupees

| **Particulars** | **Outstanding for followig Periods from Due Date of Payment** | | | | **Total** |
|---|---|---|---|---|---|
| | **Less than 1 Yr** | **1-2 Yr** | **2-3 Yr** | **More than 3 Years** | |
| (i) MSME | - | - | - | - | - |
| (ii) Others | 16,153,725 | - | - | - | 16,153,725 |
| (iii) Disputed Dues - MSME | - | - | - | - | - |
| (iv) Disputed Dues - Others | - | - | - | - | - |
| **Total** | **16,153,725** | **-** | | | **16,153,725** |

**Note 7 : Other Financial Liabilities**

Amount in Rupees

| Particulars | As at March 31 2023 | As at March 31 2022 |
|---|---|---|
| - Accrued Salaries and Benefits | **-** | - |
| **Total** | **-** | - |

**Note 8 : Other Current Liabilities**

Amount in Rupees

| Particulars | As at March 31 2023 | As at March 31 2022 |
|---|---|---|
| - Statutory Dues | **1,842,915** | 2,929,001 |
| - Others | **315,266** | 859,869 |
| - Grant Fund | **-** | - |
| **Total** | **2,158,181** | 3,788,869 |

**Note 9 : Provisions - Current**

Amount in Rupees

| Particulars | As at March 31 2023 | As at March 31 2022 |
|---|---|---|
| Provision for employee benefits | | |
| - Gratuity | **543,933** | 392,659 |
| - Compensated absences | **390,279** | 386,075 |
| **Total** | **934,212** | 778,734 |

**Note 10 : Property, Plant & Equipment**

Amount in Rupees

| Particulars | Gross Block | | | | Accumulated Depreciation / Amortisation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | Cost as at April 01, 2022 | Additions | Deletions | Balance as at March 31, 2023 | As at April 01, 2022 | Depreciation for the period | On Deletions | Upto March 31, 2023 | As at March 31, 2023 |
| Computers | 43,526,548 | 27,179,976 | - | 70,706,524 | 37,330,494 | 5,938,998 | - | 43,269,492 | 27,437,032 |
| | 41,357,245 | 2,169,303 | - | 43,526,548 | 28,699,183 | 8,631,311 | - | 37,330,494 | 6,196,054 |
| Plant and Equipment | 55,579,965 | 11,328,835 | - | 66,908,800 | 30,041,347 | 9,812,426 | - | 39,853,773 | 27,055,027 |
| | 41,253,082 | 14,326,883 | - | 55,579,965 | 21,544,515 | 8,496,832 | - | 30,041,347 | 25,538,618 |
| Furniture and Fixtures | 17,076,847 | 2,920,063 | - | 19,996,910 | 12,266,755 | 2,204,892 | - | 14,471,647 | 5,525,263 |
| | 16,307,375 | 769,472 | - | 17,076,847 | 9,687,791 | 2,578,964 | - | 12,266,755 | 4,810,092 |
| Vehicles | 6,101,272 | 2,667,775 | - | 8,769,047 | 3,733,732 | 881,387 | - | 4,615,119 | 4,153,928 |
| | 5,623,312 | 477,960 | - | 6,101,272 | 3,107,252 | 626,480 | - | 3,733,732 | 2,367,540 |
| Leasehold improvements | 430,500 | - | - | 430,500 | 129,150 | 301,350 | | 430,500 | - |
| | 430,500 | - | - | 430,500 | 43,050 | 86,100 | | 129,150 | 301,350 |
| **Total** | **122,715,132** | **44,096,649** | **-** | **166,811,781** | **83,501,478** | **19,139,053** | **-** | **102,640,532** | **64,171,249** |
| | 104,971,514 | 17,743,618 | - | 122,715,132 | 63,081,791 | 20,419,687 | - | 83,501,478 | 39,213,654 |

Numbers in Italics pertain to the previous year.

**Note 10 : Property, Plant & Equipment**

Amount in Rupees

| Particulars | Gross Block | | | | Accumulated Depreciation / Amortisation | | | | Net Block |
|---|---|---|---|---|---|---|---|---|---|
| | Cost as at April 01, 2022 | Additions | Deletions | Balance as at March 31, 2023 | As at April 01, 2022 | Depreciation for the period | On Deletions | Upto March 31, 2023 | As at March 31, 2023 |
| Softwares | 14,458,602 | 513,300 | | 14,971,902 | 12,807,314 | 1,793,032 | | 14,600,346 | 371,556 |
| | 14,383,200 | 75,402 | | 14,458,602 | 9,829,310 | 2,978,004 | | 12,807,314 | 1,651,288 |
| **Total** | **14,458,602** | **513,300** | **-** | **14,971,902** | **12,807,314** | **1,793,032** | **-** | **14,600,346** | **371,556** |
| | 14,383,200 | 75,402 | - | 14,458,602 | 9,829,310 | 2,978,004 | - | 12,807,314 | 1,651,288 |

Numbers in Italics pertain to the previous year.

**Note 12 : Investments : Non Current**

Amount in Rupees

| Particulars | As at March 31 2023 | As at March 31 2022 |
|---|---|---|
| **Investments** | | |
| - Bonds issued by Banks | **733,955,551** | 733,889,001 |
| - Deposits with Financial Institutions/Bank | **471,999,959** | 506,000,000 |
| **Total** | **1,205,955,510** | 1,239,889,001 |

**Note 13 : Other Financial Assets : Non Current**

Amount in Rupees

| Particulars | As at March 31 2023 | As at March 31 2022 |
|---|---|---|
| Security Deposits | | |
| - Unsecured, considered good | **2,623,200** | 3,420,700 |
| **Total** | **2,623,200** | 3,420,700 |

**Note 14 : Advance Income Tax**

Amount in Rupees

| Particulars | As at March 31 2023 | As at March 31 2022 |
|---|---|---|
| - Advance Income Tax | **8,105,463** | 10,135,390 |
| **Total** | **8,105,463** | 10,135,390 |

**Note 15 : Investments : Current**

Amount in Rupees

| Particulars | As at March 31 2023 | As at March 31 2022 |
|---|---|---|
| Investments | | |
| - Bonds issued by Banks | **49,712,200** | 48,471,450 |
| - Deposits with Financial Institutions/Bank | **53,838,343** | 15,001,401 |
| | **-** | - |
| **Total** | **103,550,543** | 63,472,851 |

**Note 16 : Cash and Cash Equivalents**

Amount in Rupees

| Particulars | As at March 31 2023 | As at March 31 2022 |
|---|---|---|
| Balances with banks: | | |
| - In Saving & Current Account | **45,949,276** | 40,162,288 |
| - Cash Balance | **250** | - |
| **Total** | **45,949,526** | 40,162,288 |

**Note 17 : Other Financial Assets : Current**

Amount in Rupees

| Particulars | As at March 31 2023 | As at March 31 2022 |
|---|---|---|
| **(Unsecured and considered good unless otherwise stated)** | | |
| Interest Receivable | | |
| On Term Deposits with Financial Institutions | **41,395,382** | 15,996,233 |
| On Treasury Bonds and Bills | **30,757,151** | 32,330,781 |
| | **72,152,533** | 48,327,014 |
| **Others** | **1,062,732** | 2,438,469 |
| **Total** | **73,215,265** | 50,765,482 |

**Note 18 : Balance with Government Authorities**

Amount in Rupees

| Particulars | As at March 31 2023 | As at March 31 2022 |
|---|---|---|
| Balance with Government Authorities | **12,240,396** | 12,240,396 |
| **Total** | **12,240,396** | 12,240,396 |

**Note 19 : Donation Income**

Amount in Rupees

| Particulars | For the year ended March 31 2023 | For the year ended March 31 2022 |
|---|---|---|
| - Donation Income | **477,965,010** | 663,546,582 |
| **Total** | **477,965,010** | 663,546,582 |

**Note 20 : Other Income**

Amount in Rupees

| Particulars | For the year ended March 31 2023 | For the year ended March 31 2022 |
|---|---|---|
| Interest Income | **9,62,68,056** | 96,329,307 |
| Student Fees Income | **25,836,799** | 26,513,674 |
| Other Income (Scrap Sale & Training Fees) | **1,812,092** | 1,960,618 |
| **Total** | **123,916,948** | 124,803,598 |

**Note 21 : Educational Programme Expenditure**

Amount in Rupees

| Particulars | For the year ended March 31 2023 | For the year ended March 31 2022 |
|---|---|---|
| - Educational Programme Expenditure | **318,604,307** | 547,120,507 |
| **Total** | **318,604,307** | 547,120,507 |

**Note 22 : Employees Remuneration**

Amount in Rupees

| Particulars | For the year ended March 31 2023 | For the year ended March 31 2022 |
|---|---|---|
| Salaries and wages | **106,708,782** | 93,989,556 |
| Contribution to provident and other funds | **3,476,426** | 3,193,313 |
| Gratuity | **887,726** | 1,443,763 |
| Staff welfare expenses | **554,572** | 441,556 |
| **Total** | **111,627,507** | 99,068,189 |

**Note 23 : Other Expenses**

Amount in Rupees

| Particulars | For the year ended March 31 2023 | For the year ended March 31 2022 |
|---|---|---|
| Power and Fuel | **2,929,350** | 1,258,865 |
| Rent | **9,263,854** | 7,218,973 |
| Communication Expenses | **2,151,585** | 1,864,417 |
| Travelling Expenses | **4,808,011** | 1,885,585 |
| Training Expenses | **8,691,125** | 2,385,503 |
| Legal and Other Professional Fees | **20,682,166** | 27,191,465 |
| Repair and Maintenance Expenses | **20,426,167** | 7,666,679 |
| Insurance Charges | **1,659,178** | 2,488,492 |
| Advertisement, Promotion & Selling Expenses | **7,351,479** | 6,398,312 |
| General Office Expenses | **27,615,958** | 13,947,850 |
| Miscellaneous Expenses | **58,800** | 137,000 |
| CSR Expenses | **1,407,369** | 1,057,745 |
| **Total** | **107,045,043** | 73,500,886 |

**Note 23A :**

**(I) CORPORATE SOCIAL RESPONSIBILITY (CSR) u/s 135 OF THE COMPANIES ACT**

Amount in Rupees

| Particulars | For the year ended March 31 2023 | For the year ended March 31 2022 |
|---|---|---|
| (a) Amount required to be spent by the Company during the Year | **1,347,379** | 1,024,320 |
| (b) Amount of Expenditure Incurred | **1,407,369** | 1,057,745 |
| © Shortfall at the End of the Year | **NIL** | NIL |
| (d) Total of Previous Year Shortfall | **NIL** | NIL |
| (e) Reason for Shortfall | **N/A** | N/A |
| (f) Nature of CSR Activity | **Education** | Education |
| (g) Details of Related Party transaction e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard | **N/A** | N/A |
| (h) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately | **N/A** | N/A |

**(II) FINANCIAL RATIOS**

Being a not for profit organisation, debt-equity ratio, debt service coverage ratio, return on equity ratio, inventory turnover ratio, trade receivables turnover ratio, trade payables turnover ratio, net capital turnover ratio, net profit ratio, return on capital employed, return on investment are not applicable except current ratio as mentioned below.

| Ratio | | Numerator | Denominator | Year ended | | % Variance |
|---|---|---|---|---|---|---|
| | | | | March 31, 2023 | March 31, 2022 | |
| (i) | Current Ratio | 234,955,730 | 31,729,676 | 7.40 | 8.04 | -0.64 |

**23B: Details of dues to micro and small enterprises as defined under The Micro, Small and Medium Enterprises Development (MSMED) Act 2006:**

Based on the information available with the Company, there are no outstanding amounts payable to creditors who have been identified as “suppliers” within the meaning of “Micro, Small and Medium Enterprises Development (MSMED) Act, 2006”.

**23C. Previous year figures have been regrouped wherever necessary.**

# MAHINDRA EDUCATIONAL INSTITUTIONS

**Board of Directors**
Mr. Vineet Nayyar
Mr. C. P. Gurnani
Mr. Milind Kulkarni
Mr. Shivanand Raja

**Auditors**
M/s. M. Bhaskara Rao & Co.,
5-D, Fifth Floor, 'Kautilya'
6-3-652, Somajiguda Hyderabad-
500082

**Bankers**
HDFC Bank Limited
Kotak Mahindra Bank Limited

**Registered Office:**
Tech Mahindra Limited, Survey
No: 62/1A,
Bahadurpally, Jeedimetla,
Hyderabad-500043 Telangana,
India

# DIRECTORS' REPORT

Your Directors present their Tenth Annual Report of your Company for the year ended 31st March 2023.

## FINANCIAL RESULTS

| Particulars | For the year ended March 31, 2023 (₹ in Cr.) | For the year ended March 31, 2022 (₹ in Cr.) |
|---|---|---|
| Expenditure on the objects of the Company | 28.12 | 34.48 |
| Donations received for University fund, Building & Equipment fund and for operating expenses | 75.44 | 66.19 |

## REVIEW OF ACTIVITIES – 2022-23

### MAHINDRA EDUCATIONAL INSTITUTIONS (MEI)

MEI - a not-for-profit, 100% subsidiary of the Tech Mahindra Limited has set up Mahindra Ecole Centrale ("MEC") in August 2014 - through a collaborative venture between Mahindra Educational Institutions and Ecole Centrale of Paris, France (now known as Centrale Supelec) and the JNTU Hyderabad - to offer undergraduate engineering programs. Through this strong Indo-French Collaboration with Centrale Supelec and Industry connect with Tech Mahindra, MEC has emerged as a disruptive player in the field of Technical Education.

MEI has sponsored the setting up of Mahindra University to introduce diverse streams of education in addition to Engineering.

### MAHINDRA UNIVERSITY (MU)

Mahindra University ("MU") (sponsored by Mahindra Educational Institutions, ("MEI") - a not-for-profit, 100% subsidiary of Tech Mahindra), was notified on May 20, 2020 by the Government of Telangana vide The Telangana State Private Universities (Establishment and Regulation) Act, 2018 for "educating future citizens for and of a better world".

In 2021-22, Mahindra University launched 3 new schools besides the existing Ecole Centrale School of Engineering - School of Management, School of Law and Indira Mahindra School of Education. Each of these Schools will run UG, PG and Ph.D. programs. Further, the University has subsequently planned to launch School of Media & Liberal Arts, School of Design and School of Hotel Management in the next 2 years.

The Ecole Centrale School of Engineering ("ECSoE") currently runs various UG, PG and Ph.D. programs in cutting-edge engineering departments. ECSoE also launched a Centre for Life Sciences and offers courses in biotechnology and computational biology under it. The school plans to launch the 2.5 year integrated programs in Biotechnology & CSE for Academic Year ("AY") 2023-24.

Cornell University's SC Johnson College of Business, an ivy league institution is the "Academic Partner" for School of Management. Mahindra University's School of Management (MU - SoM) will benefit significantly from Cornell University's expertise in curriculum development, faculty exchange programs including some specialty courses delivery by the Cornell faculty to Mahindra University students, as well as student immersion at Cornell. The School of Management currently conducts BBA, BA, E-MBA, and MBA (starting in 2023) programs.

The School of Law, Mahindra University, commenced operations in September, 2021 in Hyderabad offering 5-year integrated programs in BA LLB and BBA LLB. It was founded on the philosophy of securing justice, equality, and service to all sections of society. With the needs of modern society evolving rapidly, there is a renewed focus on the importance of the discipline of law. The School of Law will aim to make a difference to the legal profession and practice by providing a diverse, flexible curriculum and pedagogy, touching on several aspects of domestic and international law, while appraising the students of the latest trends in academia and practice. Starting 2022, the School of Law has launched a 3-year LLB (Hons) program and intend to launch a 6-year integrated B.Tech LLB course starting AY 2023.

Indira Mahindra School of Education (IMSE) commenced its academic activities in 2021, with the PhD program. IMSE's vision is to be a focused training ground for the next generation of teachers and school leaders through study of education where both researchers and practitioners are developed for working in and on educational issues. IMSE plans to launch MA program in education starting AY 2023.

The University also plans to launch the following programs/schools for the AY 2023-24 which will add approximately 500+ numbers to the student strength:

1. School of Media
   a. 4-year B.Tech. (Computation & Media)
   b. 3-year BA (Digital Media & Communication)
2. School of Hotel Management
   a. 3-year B.Sc. (Hospitality & Hotel Administration)

In the AY 2022, a total of 2,971 students are studying various programs across all schools and departments. The new admissions for AY 2022 are 1,236 students of which 1,128 students are in various UG programs, including School of Management and School of Law, 22 students in the PG programs of School of Engineering and 86 students in the Ph.D programs across all the schools.

**MATERIAL CHANGES AND COMMITMENTS**

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

There was no change in the nature of business.

**SIGNIFICANT AND MATERIAL ORDERS / PROCEEDINGS**

During the year under review, there were no material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

Further no application against the Company has been filed or is pending under the Insolvency and Bankruptcy Code, 2016, nor the Company has done any one time settlement with any Bank or Financial institutions.

**FIXED DEPOSITS**

Your Company has not accepted any deposits and as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

**AUDITORS**

The members, in the 9$^{th}$ Annual General Meeting (AGM) held on July 20, 2022, appointed M/s. M Bhaskara Rao & Co., Chartered Accountants (Firm Registration No. 000459S) as Auditors, who shall hold office from the conclusion of this Annual General Meeting, till the conclusion of the Annual General Meeting for the Financial Year ("FY") 2026-27 on such remuneration as may be determined by the Board of Directors.

The members may note that the Ministry of Corporate Affairs vide notification dated May 7, 2018, has done away with the requirement of yearly ratification of appointment of Statutory Auditors, at the Annual General Meeting.

There are no qualifications, reservation or adverse remark or disclaimer made in the audit report for the FY 2022-23 to comment upon by your Directors.

**SHARE CAPITAL**

The Company has not issued any equity shares carrying differential rights, sweat equity shares, employee stock options nor provided money for purchase of its own shares by employees or by trustees for the benefit of employees during the financial year. The Company's paid up equity capital is ₹ 1,00,000/- comprising of 10,000 equity shares of Face Value ₹ 10/- each.

**ANNUAL RETURN**

The annual return as on the financial year ended 31$^{st}$ March, 2022 in Form MGT - 7 is available on the web-link https://insights.techmahindra.com/investors/mgt7-annual-return-2022-23-MEI.pdf

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars prescribed as per Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014.

a) Conservation of Energy: The operations of the Company are not energy-intensive and hence, the provisions are not applicable.

b) Research and Development: ₹ 0.79 Lakhs was spent on Research and Development during the year under review.

c) Foreign Exchange earnings and outgo: i) Earnings: ₹ Nil, ii) Expenses: ₹ Nil.

**DIRECTORS**

Pursuant to the provisions of section 152(6)(c) of the Companies Act, 2013, Mr. Milind Kulkarni (DIN: 00012888) is liable to retire by rotation and being eligible offer himself for reappointment.

**NUMBER OF MEETINGS OF BORAD**

During the year ended March, 2023, four Board Meetings were held on 11th April, 2022, 5th May, 2022, 30th September, 2022 and 20th October, 2022. The Company being a Section 8 Company, intervening gap between the meetings was as prescribed under the Companies Act, 2013.

**LOANS/ GUARANTEES / INVESTMENTS**

The Company has not given / accepted any guarantees during the year under review. The Company has borrowed ₹ 67.74 crores from Kotak Mahindra Bank Limited for operational requirement during the financial year.

**RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All Related Party Transactions for the period under review were approved by the Board. Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014, Form AOC 2 is annexed to this report as **Annexure A**.

**RISK MANAGEMENT**

The Company risk management is forming part of internal audit and the risk management framework adopted by the Tech Mahindra Limited ("Holding Company"), wherein the elements of risks are reviewed and audited for the organization as a whole including its subsidiaries.

**WHISTLE BLOWER MECHANISM**

Whistle Blower mechanism is forming part of the Holding Company's Code of Ethical Business Conduct Policy which is applicable to all its subsidiaries. The policy sets out ways through which the stakeholders can raise concerns that relate to actual or suspected violations to the Corporate Ombudsman office.

**OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Your Company at group level has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up a Committee for implementation of the said policy. During the year under review the Company has not received any complaint of harassment.

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 134 of the Companies Act, 2013, your Directors, based on the representation received from the Operating Management, and after due enquiry, confirm that:

i. In the preparation of the annual accounts, the applicable accounting standards have been followed;

ii. They have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2023 and of the profit and loss of the Company for the year ended on that date;

iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. The annual accounts have been prepared on a going concern basis; and

v. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**ACKNOWLEDGEMENTS**

The Board takes this as an opportunity to thank the promoters and all the stakeholders of the Company for their faith and patronage.

**For and on behalf of the Board**

**Vineet Nayyar**
**Chairman**
(DIN: 00018243)

**Place**: Hyderabad
**Date:** 22 April, 2023

**Annexure A**

# FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under fourth proviso thereto.**

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

| Sr No. | Name(s) of the related party | Nature of relationship | Nature of Transaction | Duration of the transactions | Salient Features of the transaction | Tran sactions value | Justification for transaction | Date(s) of approval by the Board | Amount paid as advances | Date of special resolution |
|---|---|---|---|---|---|---|---|---|---|---|
| NIL | | | | | | | | | | |

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

| Sr No. | Name(s) of the related party | Nature of relationship | Nature of Transaction | Duration of the transactions | Transactions value (in Cr.) | % to Consol revenue | Date(s) of approval by the Board, if any | Amount paid as advances |
|---|---|---|---|---|---|---|---|---|
| 1 | Tech Mahindra Limited | Holding Company | CSR Contribution Received | April 22 - March 23 | 70.32 | NA | Since these RPTs are in the ordinary course of business and are at the arms length basis, approval of the board is not applicable. | NA |
| | | | Rent | | 175.23 | | | |
| | | | Interest on Lease Liability | | 118.57 | | | |
| 2 | Mahindra & Mahindra Limited | Promoter of Holding Company | CSR Contribution Received | | 90 | | | |
| 3 | Tech Mahindra Business Services Ltd | Fellow Subsidiary | CSR Contribution Received | | 82 | | | |
| 4 | Tech Mahindra Cerium Pvt Ltd Ltd | Fellow Subsidiary | CSR Contribution Received | | 6.91 | | | |
| 5 | Comviva Technologies Limited | Fellow Subsidiary | CSR Contribution Received | | 192.83 | | | |
| 6 | Tech Mahindra Technologies Inc | Fellow Subsidiary | CSR Contribution Received | | 33.54 | | | |
| 7 | ZEN3 Info Solutions Pvt Ltd | Fellow Subsidiary | CSR Contribution Received | | 15.8 | | | |

**For and on behalf of the Board**

**Vineet Nayyar**
**Chairman**
(DIN: 00018243)

**Place:** Hyderabad
**Date:** 22 April, 2023

# INDEPENDENT AUDITOR'S REPORT

To the Members of
**Mahindra Educational Institutions**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying Financial Statements of Mahindra Educational Institutions ("the Company"), which comprise the Balance Sheet as at 31 March 2023, and the Statement of Income and Expenditure, the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereafter referred to as "the financial statements").

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 other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, the surplus and other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit of the financial statements 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 Financial Statements" section of our report. We are independent of the Company in accordance with the "Code of Ethics" issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules issued thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 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 during the course of our 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.

**Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act read with the Rules issued thereunder. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial 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 in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on Other Legal and Regulatory Requirements**

This report does not include a statement on matters specified in paragraph 3 and 4 of the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, since in our opinion and according to the information and explanation given to us, the said Order is not applicable to the Company.

1. 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 purpose 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 Income and Expenditure, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the rules issued thereunder;

   e. on the basis of the written representations received from the directors as on 31 March 2023, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023, 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 with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and

   g. with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

      In our opinion and to the best of our information and according to the explanations given to us, the provisions of Section 197 of the Act and the rules thereunder are not applicable to the Company.

   h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. there are no pending litigations on or by the Company, the impact of which needs to be disclosed in the financial statements;

      ii. the Company does not have any material foreseeable losses relating to long term contracts, there were no derivative contracts entered into by the Company as at 31 March 2023;

      iii. there are no amounts which were required to be transferred to the Investor Education and Protection Fund during the year ended 31 March 2023.

      iv. (a) the Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

         (b) the Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

         (c) Based on audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has not declared or paid any dividend during the year.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023

for **M. Bhaskara Rao & Co.**,
Chartered Accountants
Firm Registration No.000459S

**K.S. Mahidhar**
Partner
Membership No. 220881
UDIN : 23220881BGVRVY8045
Hyderabad, 22 April 2023

# ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Mahindra Educational Institutions)

**Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to Financial Statements of Mahindra Educational Institutions ("the Company") as of 31 March 2023, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to Financial Statements of the Company 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") issued by ICAI and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to Financial Statements. 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 with reference to 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 with reference to Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements included obtaining an understanding of internal financial controls with reference to 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 with reference to Financial Statements.

**Meaning of Internal Financial Controls with reference to Financial Statements**

A company's internal financial control with reference to 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 with reference to 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 with reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to 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 with reference to Financial Statements to future periods are subject to the risk that the internal financial control with reference to 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, the Company has, in all material respects, an adequate internal financial controls system with reference to Financial Statements and such internal financial controls with reference to Financial Statements were operating effectively as at 31 March 2023, based on the internal control with reference to Financial Statements 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 ICAI.

for **M. Bhaskara Rao & Co.**,
Chartered Accountants
Firm Registration No.000459S

**K.S. Mahidhar**
Partner
Membership No. 220881
UDIN : 23220881BGVRVY8045
Hyderabad, 22 April 2023

# BALANCE SHEET AS AT 31 MARCH 2023

All amounts are Rupees in lakhs unless otherwise stated

| Particulars | Note | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | **17,297.75** | 15,809.48 |
| Right-of-use assets | 4 | **4,172.62** | 4,511.62 |
| Capital work-in-progress | 5 | **15,563.70** | 2,511.43 |
| Other intangible assets | 6 | **-** | - |
| Financial assets | | | |
| Other financial assets | 7 | **1,518.91** | 4,608.96 |
| Non-Current tax asset (net) | 8 | **148.60** | 137.25 |
| Other non current assets | 9 | **784.40** | 550.17 |
| **Total non-current assets** | | **39,485.98** | 28,128.91 |
| **Current assets** | | | |
| Financial assets | | | |
| Trade receivables | 10 | **267.06** | 453.32 |
| Cash and cash equivalents | 11 | **274.73** | 278.97 |
| Other financial assets | 7 | **5.90** | 21.65 |
| Other current assets | 9 | **6.14** | 14.57 |
| **Total current assets** | | **553.83** | 768.51 |
| **Total assets** | | **40,039.81** | 28,897.42 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 12 | **1.00** | 1.00 |
| Other equity | 13 | **24,431.88** | 17,355.43 |
| **Total Equity** | | **24,432.88** | 17,356.43 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 14 | **6,774.42** | - |
| Lease liabilities | 15.2 | **3,925.89** | 4,286.91 |
| Other financial liabilities | 16 | **-** | 49.05 |
| Provisions | 17 | **24.61** | 70.71 |

All amounts are Rupees in lakhs unless otherwise stated

| **Particulars** | **Note** | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|---|
| **Total non-current liabilities** | | **10,724.92** | 4,406.67 |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Trade payables | | | |
| (a) total outstanding dues of micro enterprises and small enterprises | | **-** | - |
| (b) total outstanding dues of creditors other than micro enterprises and small enterprises | 18 | **333.61** | 1,131.75 |
| Lease liabilities | 15.1 | **2,211.34** | 2,615.93 |
| Other financial liabilities | 16 | **88.07** | 65.11 |
| Other current liabilities | 19 | **2,241.65** | 3,309.53 |
| Provisions | 17 | **7.34** | 12.00 |
| Total current liabilities | | **4,882.01** | 7,134.32 |
| Total equity and liabilities | | **40,039.81** | 28,897.42 |

See accompanying notes to the financial statements

In terms of our report attached
for **M. Bhaskara Rao & Co.,**
Chartered Accountants
Firm Registration No.000459S

for and on behalf of the Board of Directors of
**Mahindra Educational Institutions**
CIN: U80300TG2013NPL086878

**K.S. Mahidhar**
Partner
Membership No.220881

**Vineet Nayyar**
Director
DIN:00018234

**C.P. Gurnani**
Director
DIN:00018243

**Milind Kulkarni**
Director
DIN:00012888

Hyderabad, 22 April 2023

# STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2023

All amounts are Rupees in lakhs unless otherwise stated

| Particulars | Note | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| **Income** | | | |
| Fee from Academic Courses | 20 | **2,064.94** | 2,307.75 |
| Donations | | **7,543.60** | 6,619.35 |
| Other Income | 21 | **214.00** | 309.44 |
| **Total** | | **9,822.54** | 9,236.54 |
| **Expenses** | | | |
| Academic Expenses | 22 | **208.30** | 338.10 |
| Employee Benefits Expense | 23 | **319.69** | 1,008.60 |
| Finance Cost | 24 | **893.63** | 507.70 |
| Depreciation and Amortization Expense | 25 | **767.12** | 656.53 |
| Other expenses | 26 | **623.74** | 936.92 |
| **Total** | | **2,812.48** | 3,447.85 |
| **Surplus Before Tax** | | **7,010.06** | 5,788.69 |
| **Tax Expense** | | | |
| Current Tax | | | - |
| Deferred Tax | | | - |
| **Surplus / (Deficit) for the year** | | **7,010.06** | 5,788.69 |
| **Other comprehensive income** | | | |
| **A. Items that will not be reclassified to profit or loss** | | | |
| Remeasurements of the defined benefit liabilities / (asset) | | **66.39** | 95.31 |
| Income tax on items that will not be reclassified to profit or loss | | **-** | - |
| | | **66.39** | 95.31 |
| **B. Items that may be reclassified to profit or loss** | | **-** | - |
| **Total other comprehensive income / (loss) for the year** | | **66.39** | 95.31 |
| **Total comprehensive income / (loss) for the year** | | **7,076.45** | 5,884.00 |
| **Earnings per equity share** | 31 | | |
| Basic - (In ₹ per share) | | **70,100.60** | 57,886.93 |
| Diluted - (In ₹ per share) | | **70,100.60** | 57,886.93 |

See accompanying notes to the financial statements

In terms of our report attached
for **M. Bhaskara Rao & Co.,**
Chartered Accountants
Firm Registration No.000459S

for and on behalf of the Board of Directors of
**Mahindra Educational Institutions**
CIN: U80300TG2013NPL086878

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Hyderabad, 22 April 2023

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

All amounts are Rupees in lakhs unless otherwise stated

| | | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| A. | **Cash flow from operating activities** | | |
| | Surplus before tax | **7,010.06** | 5,788.69 |
| | **Adjustments for** | | |
| | Depreciation and Amortization Expense | | |
| | On Tangible assets | **697.86** | 596.24 |
| | On Right-of-use assets | **64.06** | 54.51 |
| | On Intangible assets | **5.20** | 5.78 |
| | Provision for doubtful debts | **57.53** | - |
| | Interest Cost | **889.33** | 476.73 |
| | Interest Income | **(189.89)** | (299.38) |
| | **Operating profit before working capital changes** | **8,534.15** | 6,622.57 |
| | Changes in working capital: | | |
| | Adjustments for (increase) / decrease in operating assets: | | |
| | Other Non-Current Financial Assets | **(163.81)** | - |
| | Other Non-Current Assets | **(234.23)** | (433.11) |
| | Trade receivables | **128.73** | 113.83 |
| | Other Current Assets | **8.43** | 86.40 |
| | Adjustments for increase / (decrease) in operating liabilities: | | |
| | Other Non-Current Financial Liability | **(49.05)** | (36.96) |
| | Long Term Provisions | **20.29** | 43.77 |
| | Trade Payables | **(798.13)** | 449.88 |
| | Other Current Financial Liability | **22.96** | 0.63 |
| | Other Current Liabilities | **(1,067.88)** | 817.26 |
| | Short Term Provisions | **(4.66)** | (14.92) |
| | **Cash generated from operations** | **6,396.80** | 7,649.35 |
| | Income Tax paid (Net) | **(11.35)** | (24.98) |
| | **Net cash flow from operating activities (A)** | **6,385.45** | 7,624.37 |
| B. | **Cash flow from investing activities** | | |
| | Capital Expenditure on Fixed Assets & Intangible Assets | **(15,243.59)** | (7,862.92) |
| | Investments in Bank Deposits | **3,253.86** | (223.21) |
| | Redemption or Maturity of Bank Deposits | **-** | - |
| | Interest Received | **205.64** | 298.89 |
| | **Net cash flow used in investing activities (B)** | **(11,784.09)** | (7,787.24) |

All amounts are Rupees in lakhs unless otherwise stated

| | | Year ended 31 March 2023 | Year ended 31 March 2022 |
|---|---|---|---|
| **C.** | **Cash flow from financing activities** | | |
| | Interest Cost | **(770.76)** | - |
| | Payment of lease liabilities | **(609.26)** | - |
| | Proceeds from borrowings | **6,774.42** | - |
| | **Net cash flow from financing activities (C)** | **5,394.40** | - |
| | **Net increase / (decrease) in cash and cash equivalents** | **(4.25)** | (162.87) |
| | **Cash and cash equivalents at the beginning of the year** | **278.98** | 441.85 |
| | **Cash and cash equivalents at the end of the year** | **274.73** | 278.98 |

See accompanying notes to the financial statements

In terms of our report attached
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Hyderabad, 22 April 2023

# STATEMENT OF CHANGES IN EQUITY FOR

**the year ended 31 March 2023**

All amounts are Rupees in lakhs unless otherwise stated

| A. Equity Share Capital | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| **Issued and paid up equity share capital** | **1.00** | 1.00 |
| **Balance at the beginning of the current reporting period** | | |
| Changes in Equity Share Capital due to prior period errors | **-** | - |
| **Restated balance at the beginning of the current reporting period** | **1.00** | 1.00 |
| Changes in equity share capital during the current year | **-** | - |
| **Balance at the end of the current reporting period** | **1.00** | 1.00 |

**B. Other Equity**

| Particulars | Reserves & Surplus | | | | Items of Other Comprehensive Income (OCI) | Total |
|---|---|---|---|---|---|---|
| | Corpus Fund | University Corpus Fund | Building and Equipment Fund | Retained Earnings | Remeasurements of net defined benefit plans | |
| **Balance as at 31 March 2021** | 1,166.00 | 4,000.00 | 12,135.00 | (5,916.48) | 86.91 | 11,471.43 |
| Surplus for the year | - | - | - | 5,788.69 | - | 5,788.69 |
| Other Comprehensive Income (net of income tax) | - | - | - | - | 95.31 | 95.31 |
| **Total comprehensive income for the year** | - | - | - | 5,788.69 | 95.31 | 5,884.00 |
| **Balance as at 31 March 2022** | 1,166.00 | 4,000.00 | 12,135.00 | (127.79) | 182.22 | 17,355.43 |
| Surplus for the year | - | - | - | 7,010.06 | - | 7,010.06 |
| Other Comprehensive Income (net of income tax) | - | - | - | - | 66.39 | 66.39 |
| **Total comprehensive income for the year** | - | - | - | 7,010.06 | 66.39 | 7,076.45 |
| **Balance as at 31 March 2023** | **1,166.00** | **4,000.00** | **12,135.00** | **6,882.27** | **248.61** | **24,431.88** |

See accompanying notes to the financial statements

In terms of our report attached
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Hyderabad, 22 April 2023

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**for the year ended 31 March 2023**

**1. Corporate Information**

Mahindra Educational Institutions ("the Company") incorporated as a Not-for-Profit Company with main objects to establish institutions of higher learning such as setting up of universities, colleges, academics and research institutes, encouraging education and research work in different disciplines, to promote innovation and technology development, to collaborate and / or affiliate with other universities in India for the cause of promoting high quality higher education within India.

**2. Significant accounting policies**

**2.1 Statement of Compliance**

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 (the Act) and other relevant provisions of the Act.

The financial statements for the year ended 31 March 2023 were approved by the Board of Directors and authorised to issue on 22 April 2023.

**2.2 Basis for preparation of financial statements**

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India on accrual basis under the historical cost convention, except for certain financial instruments which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purpose in these standalone financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

**2.3 Use of Estimates**

The preparation of these standalone financial statements requires the management of the Company to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the financial statements.

**2.4 Property, Plant & Equipment and Other Intangible assets**

Property, Plant & Equipment and Other intangible assets are stated at actual cost less accumulated depreciation and net of impairment. The actual cost capitalised includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage.

Depreciation / amortization of Property, Plant & Equipment and Other Intangible assets

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on Property, Plant & Equipment including assets taken on lease, other than freehold land is charged based on straight line method on an estimated useful life as per the technical estimates of the Management. The estimated useful lives and residual values of the tangible and intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

| **Particulars** | **Useful life** |
|---|---|
| Buildings | 28 Years |
| Computers | 3 Years |
| Furniture and fistures | 5 Years |
| Library Books | 3 Years |
| Plant and Machinery | 5 Years |
| Software | 1 Years |
| Vehicles | 5 Years |
| Assets below ₹ 5000 | Same Years |

**2.5 Leases**

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

**The Company as a lessee**

The Company assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves:

(a) the use of an identified asset,

(b) the right to obtain substantially all the economic benefits from use of the identified asset, and

(c) the right to direct the use of the identified asset.

The Company at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

The Company applies Ind AS 36 to determine whether a RoU asset is impaired and accounts for any identified impairment loss as described in the impairment of non-financial assets.

For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in consolidated statement of income.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

Lease payments have been classified as cash used in Financing activities.

### 2.6 Impairment of Assets

#### i) Financial assets

Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Impairment loss on financial assets carried at amortised cost is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. In a subsequent period, if the amount of impairment loss decreases and the decreases can be related objectively to an event, the previously recognised impairment is reversed through Statement of Income and Expenditure.

#### ii) Non-financial assets

Property, Plant & Equipment and Other Intangible assets

Property, Plant and Equipment and Other intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. 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 unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Income and Expenditure.

### 2.7 Revenue recognition

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customers for services i.e. students are mainly on a time bound fixed price basis.

Revenue from fixed-price, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as deferred revenues).

In arrangements for educational services with customers, the company has applied the guidance in Ind AS 115, Revenue from contract with customer, by applying the revenue recognition criteria for each distinct performance obligation. The arrangements with customers generally meet the criteria for considering educational services and other related services as distinct performance obligations. For allocating the transaction price, the company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the company is unable to determine the standalone selling price, the company uses the expected cost plus margin approach in estimating the standalone selling price.

For time and material related services, the performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

The company accounts for discounts and pricing incentives to customers as a reduction of revenue based on the rateable allocation of the discounts/ incentives amount to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive. Also, when the level of discount / incentive varies with increases in levels of revenue transactions, the company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

The Company presents revenues net of indirect taxes in its statement of Profit and loss.

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time.

Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

**2.8 Donations / Funds received**

Donations received are accounted as contributions to corpus fund or treated as revenue based on the directions from the donor.

a) Corpus Fund

Donations received from donors with a direction for utilisation towards capital expenditure are treated as corpus fund.

b) Building and Equipment Fund

Donations received from donors with a direction for utilisation towards development of infrastructure facilities including buildings and equipment are treated as building and equipment fund.

c) University Fund

Donations received from donors with a direction for utilisation towards requirements of the Institution

**2.9 Foreign currency transactions**

The functional currency of the Company is Indian Rupees (INR).

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities of foreign operations are restated into the functional currency using exchange rates prevailing on the date of the Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are included in the Statement of Income and Expenditure.

**2.10 Foreign Operations**

For the purpose of these financial statements, the assets and liabilities of the Company's foreign operations are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising on translation are recognised in other comprehensive income and accumulated in equity.

**2.11 Financial Instruments**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in Statement of Income and Expenditure.

**i) Non-derivative financial instruments**

**Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

**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.

**Financial assets at fair value**

Financial asset not measured at amortised cost is carried at fair value through profit or loss (FVTPL) on initial recognition, unless the company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income.

The Company, on initial application of IND AS 109 Financial Instruments, has made an irrevocable election to present in other comprehensive income subsequent changes in fair value of equity instruments not held for trading.

Financial asset at FVTPL are measured at fair values at the end of each reporting period, with any gains or losses arising on remeasurement recognised in Statement of Income and Expenditure.

**Financial liabilities**

Financial liabilities at fair value through profit and loss are stated at fair value, with any gains or losses arising on remeasurement recognised in Statement of Income and Expenditure.

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.

**2.12 Employee Benefits**

**a) Gratuity**

The Company accounts for its gratuity liability, a defined retirement benefit plan covering eligible employees. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee’s salary and the tenure of the employment. Liabilities with regard to a Gratuity plan are determined based on the actuarial valuation carried out by an independent actuary as at the Balance Sheet date using the Projected Unit Credit method for the Company. Actuarial gains and losses are recognised in full in other comprehensive income and accumulated in equity in the period in which they occur.

**b) Provident fund**

The eligible employees of the Company are entitled to receive the benefits of Provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees’ salary (currently at 12% of the basic salary) which are charged to the Statement of Income and Expenditure on accrual basis. The provident fund contributions are paid to the Regional Provident Fund Commissioner. The Company has no further obligations for future provident fund and superannuation fund benefits other than its annual contributions.

**c) Compensated absences**

The employees are entitled to accumulate leave subject to certain limits. The liability is provided based on the number of days of unavailed leave at each Balance Sheet date on the basis of an independent actuarial valuation using the Projected Unit Credit method for the Company. The liability which is not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised based on actuarial valuation as at the Balance Sheet date. Actuarial gains and losses are recognised in full in the Statement of Other Comprehensive Income in the period in which they occur.

**2.13 Taxation**

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with the local tax laws existing in the respective countries.

Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period. Accordingly, it is recognized as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

**Deferred income taxes**

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, 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 profit or loss at the time of the transaction.

Deferred income tax asset are recognised to the extent that 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 utilised.

Deferred income tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries 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 utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

The Company recognises interest levied and penalties related to income tax assessments in income tax expenses.

Tax on distributed profits payable in accordance with the provisions of the Income-Tax Act, 1961 is disclosed in accordance with the Guidance Note on Accounting for Corporate Dividend Tax issued by the Institute of Chartered Accountants of India (ICAI)

**2.14 Earnings per Share**

Basic earnings/ (loss) per share are calculated by dividing the net surplus / (deficit) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the year and also after the Balance Sheet date but before the date the financial statements are approved by the Board of Directors.

For the purpose of calculating diluted earnings / (loss) per share, the net surplus / (deficit) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

**2.15 Provision, Contingent Liabilities and Contingent Assets**

A provision is recognized when the Company 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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Liabilities and Contingent Assets are not recognized in the financial statements.

**2.16 Critical judgements in applying accounting policies**

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

**Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year

**Useful lives of property, plant and equipment**

The company reviews the estimated useful lives of property plant and equipment at the end of each reporting period. During the current year, there has been no change in life considered for the assets.

**Fair value measurements and valuation processes**

Some of the Company's assets and liabilities are measured at fair value for the financial reporting purposes.

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1inputs are not available, the Company engages third party qualified valuers to perform the valuation . Finance team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Executive Officer reports to the board of fluctuations in the fair value of the assets and liabilities.

**Provision for employee benefits**

The Company uses actuarial assumptions to determine the obligations for employee benefits at each reporting period. These assumptions include the discount rate, expected long-term rate of return on plan assets, rate of increase in compensation levels and mortality rates.

**Provision for taxes**

Significant judgments are required in determining the provision for income taxes, including the amount expected to be paid/ recovered for uncertain tax positions.

**2.17 Recent accounting pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**Ind AS 1 – Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company does not expect this amendment to have any significant impact in its financial statements

**Ind AS 12 – Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the initial recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company does not expect this amendment to have any significant impact in its financial statements

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between changes in accounting policies and changes in accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company does not expect this amendment to have any significant impact in its financial statements

Notes to the standalone financial statements for the year ended 31 March 2023

All amounts are Rupees in lakhs unless otherwise stated

**3. Property, Plant and Equipment**

| | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|
| Buildings | **12,619.81** | 11,490.12 |
| Plant and Machinery | **2,018.25** | 1,889.63 |
| Leasehold Improvements | **823.33** | 828.52 |
| Computers | **8.95** | 34.99 |
| Office Equipment | **46.63** | 36.38 |
| Furniture and Fixtures | **1,717.22** | 1,416.06 |
| Library Books | **0.93** | 1.22 |
| Vehicles | **3.37** | 7.41 |
| Lab Equipments | **59.27** | 105.14 |
| | **17,297.75** | 15,809.48 |

**3.1 Cost or deemed Cost**

| | Buildings | Plant and Machinery | Leasehold Improvements | Computers | Office Equipment | Furniture and Fixtures | Library Books | Vehicle | Lab Equipments | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Balance as at 01 April 2021 | 2,945.16 | 574.32 | - | 921.32 | 250.23 | 508.38 | 168.01 | 20.22 | 1,126.62 | 6,514.25 |
| Additions | 9,301.52 | 1,747.34 | 833.72 | 0.07 | - | 1,339.78 | 0.87 | - | 22.35 | 13,245.65 |
| Disposals/Adjustments | - | - | | - | - | - | - | - | - | - |
| **Balance as at 31 March 2022** | **12,246.68** | **2,321.66** | **833.72** | **921.38** | **250.23** | **1,848.16** | **168.87** | **20.22** | **1,148.97** | **19,759.89** |
| Additions | 1,543.28 | 244.46 | - | - | 28.74 | 374.85 | - | - | - | 2,191.33 |
| Disposals/Adjustments | - | - | - | - | - | - | - | - | - | - |
| **Balance as at 31 March 2023** | **13,789.96** | **2,566.12** | **833.72** | **921.38** | **278.97** | **2,223.01** | **168.87** | **20.22** | **1,148.97** | **21,951.22** |

## 3.2 Accumulated depreciation

| | Buildings | Plant and Machinery | Leasehold Improvements | Computers | Office Equipment | Furniture and Fixtures | Library Books | Vehicle | Lab Equipments | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Balance as at 01 April 2021 | 635.53 | 280.68 | - | 799.66 | 182.69 | 325.61 | 166.90 | 8.76 | 954.30 | 3,354.14 |
| Additions | 121.04 | 151.34 | 5.20 | 86.73 | 31.17 | 106.48 | 0.75 | 4.04 | 89.53 | 596.28 |
| **Disposals/Adjustments** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Balance as at 31 March 2022** | **756.57** | **432.03** | **5.20** | **886.39** | **213.85** | **432.10** | **167.65** | **12.81** | **1,043.83** | **3,950.42** |
| Balance as at 01 April 2022 | 756.57 | 432.03 | 5.20 | 886.39 | 213.85 | 432.10 | 167.65 | 12.81 | 1,043.83 | 3,950.42 |
| Additions | 413.58 | 115.84 | 5.20 | 26.05 | 18.49 | 73.69 | 0.29 | 4.04 | 45.87 | 703.06 |
| Disposals/Adjustments | - | - | - | - | - | - | - | - | - | - |
| **Balance as at 31 March 2023** | **1,170.14** | **547.87** | **10.39** | **912.44** | **232.34** | **505.79** | **167.95** | **16.85** | **1,089.70** | **4,653.47** |

## 3.3 Carrying Amount

| | Buildings | Plant and Machinery | Leasehold Improvements | Computers | Office Equipment | Furniture and Fixtures | Library Books | Vehicle | Lab Equipments | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Balance as at 31 March 2022 | 11,490.12 | 1,889.63 | 828.52 | 34.99 | 36.38 | 1,416.06 | 1.22 | 7.41 | 105.14 | 15,809.48 |
| Balance as at 31 March 2023 | 12,619.81 | 2,018.25 | 823.33 | 8.95 | 46.63 | 1,717.22 | 0.93 | 3.37 | 59.27 | 17,297.75 |

| | | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|---|
| **4** | **Right-of-use assets** | | |
| **4.1** | **Land and Buildings** | | |
| **4.1.1** | **Gross carrying value** | | |
| | Opening Balance | **5,862.18** | 5,862.18 |
| | Additions | **4,094.36** | - |
| | Disposals/Adjustments | **(4,369.29)** | - |
| | Closing Balance | **5,587.24** | 5,862.18 |
| **4.1.2** | **Accumulated depreciation** | | |
| | Opening Balance | **(1,350.56)** | (1,296.05) |
| | Depreciation | **(64.06)** | (54.51) |
| | Disposals/Adjustments | **-** | - |
| | Closing Balance | **(1,414.62)** | (1,350.56) |
| **4.1.3** | **Net Carrying Amount** | **4,172.62** | 4,511.62 |
| **5** | **Capital work-in-progress** | | |
| | Capital work-in-progress | **15,563.70** | 2,511.43 |
| | **Total** | **15,563.70** | 2,511.43 |

**5.1 Ageing of Capital Work in Progress as on 31 March 2023**

| | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | | | | | |
| Phase 2 Boys Hostel | 6,280.43 | 965.84 | | | 7,246.27 |
| Infra | 35.63 | 143.48 | | | 179.11 |
| Infra MEI - Academics | 565.30 | 192.42 | | | 757.72 |
| Infra MEI - 2nd Floor Class rooms | 332.14 | 3.17 | | | 335.31 |
| Infra LC Blocks | 365.52 | 6.84 | | | 372.36 |
| Mahindra University | 697.43 | - | | | 697.43 |
| Infra MEI - Dorms | 94.87 | 478.67 | | | 573.54 |
| Dorms | 85.57 | - | | | 85.57 |
| Exe Education | 12.38 | - | | | 12.38 |
| Infra Academics | 422.76 | - | | | 422.76 |
| Infra MEI | 12.87 | - | | | 12.87 |
| Auditorium | 963.84 | - | | | 963.84 |
| Hostel III | 2,528.23 | - | | | 2,528.23 |
| Exe Guest House | 792.72 | - | | | 792.72 |
| Foot Ball Ground | 573.86 | - | | | 573.86 |
| Hostel IV | 4.34 | - | | | 4.34 |
| Phase 3 | - | 5.12 | | | 5.12 |
| Others | 0.27 | - | | | 0.27 |
| | 13,768.16 | 1,795.54 | - | - | 15,563.70 |

**Ageing of Capital Work in Progress as on 31 March 2022**

| | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | | | | | |
| Infra | 143.48 | - | - | - | 143.48 |
| Infra LC Blocks | 174.50 | 3.33 | - | - | 177.83 |
| Infra MEI - 2nd Floor Class rooms | 108.08 | - | - | - | 108.08 |
| Infra MEI - Academics | 192.42 | 14.41 | - | - | 206.83 |
| Infra MEI - Dorms | 685.71 | - | - | - | 685.71 |
| Phase 2 Boys Hostel | - | - | - | 1,172.64 | 1,172.64 |
| Phase 3 | 16.87 | - | - | - | 16.87 |
| | 1,321.06 | 17.73 | - | 1,172.64 | 2,511.43 |

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **6** | **Other intangible assets** | | |
| | Software | **-** | - |
| | **Total** | **-** | - |
| **6.1** | **Software** | | |
| **6.1.1** | **Cost or Deemed Cost** | | |
| | Opening Balance | **521.96** | 521.96 |
| | Additions during the year | **-** | - |
| | Disposals/Adjustments during the year | **-** | - |
| | **Closing Balance** | **521.96** | 521.96 |
| **6.1.2** | **Accumulated depreciation** | | |
| | Opening Balance | **521.96** | 516.18 |
| | Amortisation for the year | **-** | 5.78 |
| | Disposals / Adjustments | **-** | - |
| | **Closing Balance** | **521.96** | 521.96 |
| **6.1.3** | **Carrying Amount** | **-** | - |
| **7** | **Other financial assets** | | |
| **7.1** | **Non-Current** | | |
| | (unsecured, considered good) | | |
| | Investments in term deposits with Scheduled Banks | **1,334.83** | 4,588.69 |
| | (with remaining maturity of more than twelve months) | | |
| | [Refer Note 27.2, of the above ₹10 Crores (31.03.2022: ₹10 Crores) earmarked for Corpus Fund, ₹Nil (31.03.2022: ₹30 Crores) as Fixed Deposit and ₹1.50 Crores (31.03.2022: ₹1.50 Crores) as Endowment Fund earmarked in terms of the LOI] | | |
| | Security Deposits | **184.08** | 20.27 |
| | **Total** | **1,518.91** | 4,608.96 |
| **7.2** | **Current** | | |
| | (Unsecured, considered good) | | |
| | Interest Receivable on deposits with Banks | **5.90** | 21.65 |
| | **Total** | **5.90** | 21.65 |
| **8** | **Non-Current tax asset (net)** | | |
| | Tax Deducted at Source | **148.60** | 137.25 |
| | **Total** | **148.60** | 137.25 |

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **9** | **Other assets** | | |
| **9.1** | **Non-Current** | | |
| | (Unsecured, considered good) | | |
| | Capital Advances | **784.40** | 550.17 |
| | **Total** | **784.40** | 550.17 |
| **9.2** | **Current** | | |
| | (unsecured, considered good) | | |
| | Loans and Advances to Employees | **0.91** | 0.17 |
| | Prepaid expenses | **5.23** | 12.32 |
| | Others | **-** | 2.08 |
| | **Total** | **6.14** | 14.57 |
| **10** | **Trade receivables** | | |
| | (a) Secured, considered good | **-** | - |
| | (b) Unsecured, considered good | **267.06** | 453.32 |
| | (c) Trade receivables which have significant increase in Credit Risk | **-** | - |
| | (d) Trade receivables - Credit Impaired | **61.38** | 3.85 |
| | Less: allowance for expected credit loss | **(61.38)** | (3.85) |
| | Total | **267.06** | 453.32 |
| **10.1** | **Of the above, trade receivables from:** | | |
| | Related parties | **-** | - |
| | Others | **267.06** | 453.32 |
| | **Total** | **267.06** | 453.32 |

**10.2 Ageing of Trade Receivables**

| | | **Outstanding for following periods from due date of payment as on 31 March 2023** | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | **Not Due** | **Less than 6 months** | **6 months – 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| | **Undisputed trade receivables** | | | | | | | |
| (a) | Considered good | - | 21.10 | 160.43 | 49.43 | 36.10 | - | 267.06 |
| (b) | Have significant increase in credit risk | - | - | - | - | - | - | - |
| (c) | Credit impaired | - | - | - | - | - | 61.38 | 61.38 |
| | **Disputed trade receivables** | | | | | | | |
| (a) | Considered good | - | - | - | - | - | - | - |
| (b) | Have significant increase in credit risk | - | - | - | - | - | - | - |
| (c) | Credit impaired | - | - | - | - | - | - | - |
| | Provision for trade receivables | | | | | | | (61.38) |
| | **Net trade receivables** | | | | | | | **267.06** |

| | | Outstanding for following periods from due date of payment as on 31 March 2022 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | **Not Due** | **Less than 6 months** | **6 months – 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| | **Undisputed trade receivables** | | | | | | | |
| (a) | Considered good | - | 308.64 | 72.70 | 71.59 | - | 0.40 | 453.32 |
| (b) | Have significant increase in credit risk | - | - | - | - | - | - | - |
| (c) | Credit impaired | - | - | - | - | 3.85 | - | 3.85 |
| | | | | | | | | |
| | **Disputed trade receivables** | | | | | | | |
| (d) | Considered good | - | - | - | - | - | - | - |
| (e) | Have significant increase in credit risk | - | - | - | - | - | - | - |
| (f) | Credit impaired | - | - | - | - | - | - | - |
| | Provision for trade receivables | | | | | | | (3.85) |
| | **Net trade receivables** | | | | | | | **453.32** |

| | | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|---|
| **10.3** | **Classification of trade receivables** | | |
| | Non-Current | **-** | - |
| | Current | **267.06** | 453.32 |
| | **Total** | **267.06** | 453.32 |
| | | | |
| **10.4** | **Movement in allowance for expected credit loss** | | |
| | Balance at the beginning of the year | **3.85** | 11.65 |
| | Add: Allowance for expected credit loss | **57.53** | - |
| | Less: Provision write back | **-** | 7.80 |
| | Less: Receivables written off | **-** | - |
| | Balance at the end of the year | **61.38** | 3.85 |
| | | | |
| **11** | **Cash and cash equivalents** | | |
| | Balances with scheduled banks | | |
| | In Savings accounts | **274.25** | 278.47 |
| | In Current accounts | **0.48** | 0.50 |
| | **Total** | **274.73** | **278.97** |

**12 Equity Share capital**

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | **Number of Shares** | **Amount** | Number of Shares | Amount |
| **Authorised Share Capital** | | | | |
| Equity share capital of ₹10 each | **10,000** | **1.00** | 10,000 | 1.00 |
| **Issued, Subscribed and Fully Paid up** | | | | |
| Equity share capital of ₹10 each | **10,000** | **1.00** | 10,000 | 1.00 |

**12.1 Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting period.**

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | **Number of Shares** | **Amount** | Number of Shares | Amount |
| **Equity share capital of ₹10 each** | | | | |
| Balance as at beginning of the year | **10,000** | **1.00** | 10,000 | 1.00 |
| **Issued during the period** | | | | |
| Balance as at end of the year | **10,000** | **1.00** | 10,000 | 1.00 |

**12.2 Shares held by holding/ultimate holding Company and/or their subsidiaries/associates**

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | **Number of Shares** | **Amount** | Number of Shares | Amount |
| **Equity shares of ₹10 each fully paid held by** | | | | |
| Tech Mahindra Limited* | **10,000** | **1.00** | 10,000 | 1.00 |

* includes 200 equity shares held jointly with others (31 March 2022: 200 equity shares held jointly with others)

**12.3 Details of shares held by each shareholders holding more than 5% shares in the Company**

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| | **Number of Shares** | **% of holding** | Number of Shares | % of holding |
| **Equity shares of ₹10 each fully paid held by** | | | | |
| Tech Mahindra Limited* | **10,000** | **100%** | 10,000 | 100% |

* includes 200 equity shares held jointly with others (31 March 2022: 200 equity shares held jointly with others)

**12.4 Details of shares held by promoters**

| | As at 31 March 2023 | | As at 31 March 2022 | |
|---|---|---|---|---|
| **Equity shares of ₹10 each fully paid held by** | **Number of Shares** | **% of total shares** | % Change during the year | Amount |
| Tech Mahindra Limited* | **10,000** | **100%** | - | 100% |

* includes 200 equity shares held jointly with others (31 March 2022: 200 equity shares held jointly with others)

**12.5 Rights, preferences and restrictions attached to equity shares**

The equity shares of the Company having par value of ₹10/- per share, rank pari passu in all respects. Repayment of the capital in the event of wining up of the Company will inter alia be subject to the provisions of Companies Act, 2013 and the Articles of Association of the Company and the same shall not be distributed amongst the members of the Company but shall be given or transferred to such other Company having objects similar to the objects of the Company to be determined by the members of the Company at or before the time of dissolution.

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **13** | **Other equity** | | |
| | Corpus Fund | **1,166.00** | 1,166.00 |
| | University Fund | **4,000.00** | 4,000.00 |
| | Building and Equipment Fund | **12,135.00** | 12,135.00 |
| | Retained Earnings | **6,882.27** | (127.79) |
| | Items of Other Comprehensive Income | | |
| | Remeasurement of defined benefit plans | **248.61** | 182.22 |
| | **Total** | **24,431.88** | 17,355.43 |
| **13.1** | **Corpus Fund** | | |
| | Opening balance | **1,166.00** | 1,166.00 |
| | Contributions received during the year | **-** | - |
| | **Closing balance** | **1,166.00** | 1,166.00 |
| **13.2** | **University Fund** | | |
| | Opening balance | **4,000.00** | 4,000.00 |
| | Contributions received during the year | **-** | - |
| | **Closing balance** | **4,000.00** | 4,000.00 |
| **13.3** | **Building and Equipment Fund** | | |
| | Opening balance | **12,135.00** | 12,135.00 |
| | Contributions received during the year | **-** | - |
| | **Closing balance** | **12,135.00** | 12,135.00 |
| **13.4** | **Retained Earnings** | | |
| | Opening balance | **(127.79)** | (5,916.48) |
| | Surplus / (Deficit) for the year | **7,010.06** | 5,788.69 |
| | **Closing balance** | **6,882.27** | (127.79) |
| **13.5** | **Other Comprehensive Income accumulated in Other Equity, net of tax** | | |
| | Remeasurement of defined benefit plans | | |
| | Opening balance | **182.22** | 86.91 |
| | Surplus / (Deficit) for the year | **66.39** | 95.31 |
| | **Closing balance** | **248.61** | 182.22 |

**13.6 Capital Management**

Equity share capital and other equity are considered for the purpose of Company's capital management. The Company manages its capital so as to safeguard its ability to continue as a going concern. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **14** | **Borrowings** | | |
| | Term loans from Banks, secured | **6,774.42** | - |
| | | **6,774.42** | - |

**14.1** a) Term loan from Kotak bank is secured by charge on First and exclusive hypothecation charge on all existing & future movable fixed assets of the Company except Vehicles.

b) Loan carries rate of interest @ 9.25% pa

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **15.2** | **Lease liabilities** | | |
| **15.2.1** | **Non-Current** | | |
| | Lease liabilities | **3,925.89** | 4,286.91 |
| | **Total** | **3,925.89** | 4,286.91 |
| **15.2.2** | **Current** | | |
| | Lease liabilities | **2,211.34** | 2,615.93 |
| | **Total** | **2,211.34** | 2,615.93 |
| **16** | **Other financial liabilities** | | |
| **16.1** | **Non-Current** | | |
| | Caution Deposit from students | **-** | 49.05 |
| | **Total** | **-** | 49.05 |
| **16.2** | **Current** | | |
| | Caution Deposit from students | **88.07** | 65.11 |
| | **Total** | **88.07** | 65.11 |

## 17 Provisions

### 17.1 Non-Current

| | | |
|---|---|---|
| Provision for Employee Benefits [Refer note 32] | | |
| Compensated Absences | **9.02** | 26.41 |
| Gratuity | **15.59** | 44.30 |
| **Total** | **24.61** | 70.71 |

### 17.2 Current

| | | |
|---|---|---|
| Provision for Employee Benefits [Refer note 32] | | |
| Compensated Absences | **4.91** | 6.58 |
| Gratuity | **2.43** | 5.42 |
| **Total** | **7.34** | 12.00 |

| | | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|---|
| **18** | **Trade payables** | | |
| | (a) total outstanding dues of micro enterprises and small enterprises | **-** | - |
| | (b) total outstanding dues of creditors other than micro enterprises and small enterprises | **333.61** | 1,131.75 |
| | **Total** | **333.61** | 1,131.75 |

### 18.1 Of the above, Trade payables from:

| | | |
|---|---|---|
| Related parties [Refer note 29] | **119.69** | 265.65 |
| Others | **213.92** | 866.10 |
| | **333.61** | 1,131.75 |

### 18.2 Ageing of Trade Payables

**Outstanding for following periods from due date of payment as on 31 March 2023**

| | Not Due | Less than 1 Year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|
| MSME | - | - | - | - | - | - |
| Others | - | 333.61 | - | - | - | 333.61 |
| Disputed dues - MSME | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | - | - |

**Outstanding for following periods from due date of payment as on 31 March 2022**

| | Not Due | Less than 1 Year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|---|
| MSME | - | - | - | - | - | - |
| Others | 869.80 | 244.33 | 1.68 | - | 15.94 | 1,131.75 |
| Disputed dues - MSME | - | - | - | - | - | - |
| Disputed dues - Others | - | - | - | - | - | - |

Trade payable include dues to Micro and Small Enterprises, under the Micro, Small and Medium Enterprises Development Act, 2006 that have been determined based on the information available with the company and the required disclosures are given below:

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| a) | Principal amount remaining unpaid | **-** | - |
| b) | Interest due thereon | **-** | - |
| c) | Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year | **-** | - |
| d) | Interest due and payable for the period of delay in making payment (which have been paid but beyond the day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006. | **-** | - |
| e) | Interest accrued and remaining unpaid | **-** | - |
| f) | Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises. | **-** | - |

| | | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|---|
| **19** | **Other current liabilities** | | |
| | Statutory payables | **71.93** | 112.18 |
| | Deferred revenue | **369.71** | 652.98 |
| | Fee received in advance | **4.34** | 165.88 |
| | Retention money | **1,773.46** | 897.50 |
| | Research advance | **19.72** | 45.82 |
| | Payable to Mahindra University | **-** | 1,435.17 |
| | Others | **2.49** | - |
| | **Total** | **2,241.65** | 3,309.53 |

| | | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
|---|---|---|---|
| **20** | **Fee from Academic Courses** | | |
| | Academic Fee | **1,467.28** | 1,961.09 |
| | Hostel Fee | **597.66** | 346.66 |
| | **Total** | **2,064.94** | 2,307.75 |
| | | | |
| **21** | **Other Income** | | |
| | Interest on Bank Deposits | **112.30** | 248.55 |

| | | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
|---|---|---|---|
| | Interest on savings account | **77.59** | 50.83 |
| | Miscellaneous income | **24.11** | 10.06 |
| | **Total** | **214.00** | 309.44 |
| **22** | **Academic Expenses** | | |
| | Affiliation Fees | **202.28** | 251.39 |
| | Ecole Centrale Paris Charges | **-** | 65.39 |
| | Seminars and Conferences | **2.71** | 0.06 |
| | Laboratory expenses | **1.77** | 6.70 |
| | Research expenses | **0.79** | 13.81 |
| | Other expenses | **0.75** | 0.75 |
| | **Total** | **208.30** | 338.10 |
| **23** | **Employee Benefits Expense** | | |
| | Salaries and wages | **288.76** | 921.15 |
| | Contribution to provident and other funds | **22.51** | 64.72 |
| | Gratuity | **8.42** | 20.51 |
| | Staff welfare | **-** | 2.22 |
| | **Total** | **319.69** | 1,008.60 |
| **24** | **Finance Cost** | | |
| | Interest on term loans from banks | **770.76** | - |
| | Interest on Caution Deposit | **4.30** | 6.88 |
| | Interest expenses on lease liabilities | **118.57** | 476.73 |
| | Interest on inter corproate loan | **-** | 24.09 |
| | **Total** | **893.63** | 507.70 |
| **25** | **Depreciation and Amortization Expense** | | |
| | On Tangible assets | **697.86** | 596.24 |
| | On Right-of-use assets | **64.06** | 54.51 |
| | On Intangible assets | **5.20** | 5.78 |
| | **Total** | **767.12** | 656.53 |

| | | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
|---|---|---|---|
| **26** | **Other expenses** | | |
| | Rent (Refer Note 28) | **-** | 383.60 |
| | Rates and taxes | **7.03** | 11.48 |
| | Power and fuel | **222.67** | 45.33 |
| | Printing and Stationery | **0.15** | 0.32 |
| | Books and Periodicals | **-** | 15.89 |
| | Travelling and Conveyance | **0.95** | 1.95 |
| | Communication | **0.12** | 7.02 |
| | Advertisement and Publicity | **-** | 4.87 |
| | Recruitment expenses | **-** | 0.35 |
| | Repair and Maintenance | **33.62** | 137.96 |
| | Security Charges | **30.17** | 38.63 |
| | General Office Expenses | **55.09** | 66.38 |
| | Legal and Professional Charges | **12.58** | 76.51 |
| | Auditors' Remuneration [Refer note 26.1] | **5.93** | 6.18 |
| | Catering expenses | **154.13** | 118.82 |
| | Provision for Doubtful Debts | **57.53** | - |
| | Honarorium | **-** | 0.20 |
| | Water charges | **20.13** | - |
| | Insurance - Others | **22.98** | - |
| | Bank Charges | **0.23** | 0.05 |
| | Miscellaneous expenses | **0.43** | 21.38 |
| | **Total** | **623.74** | 936.92 |
| **26.1** | **Auditors' Remuneration included under Legal and Professional Charges (Including service tax/Good and service tax)** | | |
| | for Statutory Audit | **4.13** | 4.13 |
| | for Tax Audit | **1.77** | 1.77 |
| | for Other Matters | **0.03** | 0.28 |
| | **Total** | **5.93** | 6.18 |

| | As at 31 March 2023 | As at 31 March 2022 |
|---|---|---|

| | | | |
|---|---|---|---|
| **27** | **Commitments and Contingencies** | | |
| 27.1 | Estimated amount of contracts remaining to be executed on capital account and not provided for | **17,083.08** | 1,396.80 |

**27.2 Sponsoring Body Obligations**

The Mahindra Educational Institutions ("MEI"), as sponsoring body, under The Telangana State Private Universities (Establishment and Regulation) Act, 2018 ("the Act") established a private University viz Mahindra University (""MU"") in accordance with section 10 of the Act.

In terms of approval by the Telangana State Government and no objection from Jawaharlal Nehru Technology Institute ('JNTU'), MEI would continue the academic activity for existing students under JNTU and any fresh admissions would be under MU. The infrastructure developed by MEI, relating to academic activity would will be provided to MU by MEI. Accordingly, MEI would continue its charitable activity in academics through MU as Sponsoring Body.

The Sponsoring Body, MEI under the Act, has given certain financial assurances and agreed to provide initial infrastructure necessary to commence the academic activities of the University as per the LOI.

As a Sponsoring Body, the MEI has following obligations in terms of the LOI:

a) Following two parcels of land to be registered in its name within a period of six months: 5 Acres 20 guntas and 16 Acres .056 guntas which are leased for a period of 29 years 10 months. This has been subsequently amended to include perpetual irrevocable lease in the name of sponsoring body for 90 years period of time and MEI complied with the requirement.

b) Establish corpus fund of ₹10.00 crores

c) ₹30 Crores in the form of fixed deposit for a period of 3 years to support the various activities like construction of buildings, infrastructure and campus development etc. During the year the MEI closed the deposit with due approval from the Government of Telangana, Higher education (UE) Department and utilised the proceeds for the development of infrastructure in MEI.

d) Maintain endowment fund of 1% of the Project cost or ₹10 Crores whichever is lower

e) Furnish sale / gift deed of the land favouring sponsoring body (amended to lease vide 1 above) and allocating the land exclusively to MU.

The MEI has made deposits and held in its name against its obligation as sponsoring body. The MEI has made a deposit of ₹1.50 Crores in the name of MU and State Government of Telangana towards endowment fund obligation and would transfer to MU in due course.

**27.3 Contingent Liabilities - Nil [31 March 2022: ₹ Nil]**

**28 Leases**

The Company has leasing arrangement for Land and Building which range for a period of 29 years to 99 years.

| | | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
|---|---|---|---|
| i. | **Amounts recognised in Profit and Loss** | | |
| | Interest expense on lease liabilities | 118.57 | 476.73 |
| | Income from sub-leasing right-of-use assets presented in 'other income | - | - |
| | Expenses relating to short-term leases | - | 383.60 |
| | Expenses relating to leases of low-value assets, excluding short-term leases of low-value asset | - | - |
| ii | **Amounts recognised in Statement of cash flows** | | |
| | Total cash outflows for leases | 4.25 | 162.87 |

**29 Related Party Transactions**

**29.1 Following is the list of related parties and their relationships**

| | Party Name | Relationship |
|---|---|---|
| 1 | Tech Mahindra Limited | Holding Company |
| 2 | Mahindra and Mahindra Limited | Enterprise having significant influence over holding company |
| 3 | Tech Mahindra Business Services Ltd | Fellow Subsidiary |
| 4 | Born Commerce Private Limited | Fellow Subsidiary |
| 5 | Comviva Technologies Limited | Fellow Subsidiary |
| 6 | Zen3 Infosolutions Private Limited | Fellow Subsidiary |
| 7 | Tech Mahindra Cerium Private Limited | Fellow Subsidiary |
| 8 | Tech Mahindra Techonlogies Inc | Fellow Subsidiary |

**29.2 Related party transactions during the year**

| | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
|---|---|---|
| **Tech Mahindra Limited (Holding Company)** | | |
| Donations Received | **7,032.52** | 6,210.00 |
| Building and Equipment fund | **-** | - |
| Lease Liabiltiy | **-** | - |
| Interest expense on lease liabilities | **118.57** | 476.73 |
| Professional fees | **-** | 8.03 |
| Rent | **175.23** | 1,116.69 |
| **Mahindra & Mahindra Limited (Promotor of Holding Company)** | | |
| Donations Received | **90.00** | 84.13 |
| **Tech Mahindra Business Services Limited (Fellow Subsidiary Company)** | | |
| Unsecured Loan Taken | **-** | 2,500.00 |
| Interest expense | **-** | 24.09 |
| Donations Received | **82.0** | 183.06 |

| | **Year Ended 31 March 2023** | Year Ended 31 March 2022 |
|---|---|---|
| **Zen3 Infosolutions Private Limited (Fellow Subsidiary Company)** | | |
| Donations Received | **15.80** | - |
| **Tech Mahindra Cerium Private Limited (Fellow Subsidiary Company)** | | |
| Donations Received | **6.91** | - |
| **Born Commerce Private Limited (Fellow Subsidiary Company)** | | |
| Donations Received | **-** | 52.16 |
| **Comviva Technologies Limited (Fellow Subsidiary Company)** | | |
| Donations Received | **192.83** | 54.00 |
| **Tech Mahindra Techonlogies Inc (Fellow Subsidiary Company)** | | |
| Donations Received | **33.54** | - |
| **Balances outstanding at the end of the year** | | |
| Tech Mahindra Limited | | |
| Trade Payables | **119.69** | 265.65 |
| Lease Liability (Current and Non-Current) | **6,137.23** | 6,902.84 |

**30 Segment Information**

Based on the assessment of the chief operating decision maker (‘CODM’), for the purpose of resource allocation and assessment of segment performance, the Company has only one business segment viz, of providing educational services. Hence there are no reportable segments under Ind AS. During the year under report, substantial part of the Company’s business has been carried out in India. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary.

| **31** | **Earnings Per Equity Share** | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|---|
| | Net surplus / (deficit) after tax | **7,010.06** | 5,788.69 |
| | Shares - [in Numbers] | | |
| | Number of shares at the beginning of the year | **10,000** | 10,000 |
| | Total number of equity shares outstanding at the end of the year | **10,000** | 10,000 |
| | Weighted average number of equity shares outstanding during the year - Basic and Diluted | **10,000** | 10,000 |
| | Earnings per share in ₹ - Par value of ₹10 per share | | |
| | Basic and Diluted* [in ₹ per share] | **70,100.60** | 57,886.93 |

* The Company has no dilutive instruments.

## 32 Employee benefit plans

The gratuity scheme is a final salary Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The plan design mean the risks commonly affecting the liabilities and the financial results are exposed to:

a) Interest rate risk : the defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

b) Salary inflation risk : Higher than expexted increases in salary will increase the defined benefit obligation

c) Demographic risk : For example, as plan is open to new entrants, an increase in membership will increase the defined benefit obligation. Also, the plan only provides benefits upon completion of a vesting criteria. Therefore, if tunover rates increase, then the liability will tend to fall as fewer employees reach vesting period.

### I The Principal Assumptions used for the purposes of the acturial valuation as follows

| | Details | 31 March 2023 | 31 March 2022 |
|---|---|---|---|
| **i.** | | | |
| 1 | Discount Rate(s) | **7.33%** | 7.33% |
| 2 | Expected Rate(s) of salary increase | **4%** | 4% |
| 3 | Demographic Assumptions | | |
| | Mortality Rate | **Indian Assured lives Mortality (2012-14) Ult.** | Indian Assured lives Mortality (2012-14) Ult. |
| | Withdrawal Rate (per Annum) | **4%** | 4% |
| | Total cash outflows for leases | **4.25** | 162.87 |

### II Disclosure of defined benefit cost :

| | Details | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
|---|---|---|---|
| **A** | **Amounts Recongnised in Statement of Income and Expenditure** | | |
| 1 | Current Service Cost | **4.78** | 12.66 |
| 2 | Interest Cost | **3.64** | 6.05 |
| 3 | Settlement cost / (credit) | | - |
| **4** | **Cost recognised in statement of income and expenditure** | **8.42** | 18.71 |
| **B** | **Amounts Recongnised in Other Comprehensive Income ( OCI )** | | |
| 1 | Actuarial (gain)loss due to DBO experience | **(40.13)** | (55.85) |
| 2 | Actuarial (gain)loss due to DBO assumption changes | | - |
| **3** | **Actuarial (gain)loss arising during the period** | **(40.13)** | (55.85) |
| 4 | Return on plan assets (Greater)/Less than discount rate | | - |
| 5 | Actuarial (gains)/losses recognised in OCI | **(40.13)** | (55.85) |
| 6 | Adjustment for limit on net asset | | - |
| 7 | Cumulative Actuarial (Gain)/ Loss Recogni zed via OCI at prior year end | | - |
| **8** | **Cumulative Actuarial (Gain)/ Loss Recognized via OCI at Current Period End** | **(40.13)** | (55.85) |

| | Details | Year Ended 31 March 2023 | Year Ended 31 March 2022 |
|---|---|---|---|
| **C** | **Defined benefit cost** | | |
| 1 | Service Cost | **4.78** | 12.66 |
| 2 | Net interest on net defined benefit liability / (asset) | **3.64** | 6.05 |
| 3 | Actuarial (gains)/losses recognised in OCI | **(40.13)** | (55.85) |
| 4 | Immediate recognition or (gains)/losses - other long term employee benefit plans | | - |
| **5** | **Defined Benefit Cost** | **(31.71)** | (37.14) |

**III Changes in benefit obligation and assets**

| **31** | **Details** | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|---|
| **A.** | **Changes in defined benefit obligation:** | | |
| 1 | Defined benefit obligation(DBO) at the end of prior period | **49.73** | 88.21 |
| 2 | Current service cost | **4.78** | 12.66 |
| 3 | Interest cost | **3.64** | 6.05 |
| 4 | Curtailment (credit)/ cost | **-** | - |
| 5 | Settlement (credit)/ cost | **-** | - |
| 6 | Past service cost - plan amendments | **-** | - |
| 7 | Acquisitions (credit)/ cost | **-** | - |
| 8 | Actuarial (gain)/loss | **(40.13)** | (55.85) |
| 9 | Actuarial (gain)/loss - demographic assumptions | **-** | - |
| 10 | Actuarial (gain)/loss - financial assumptions | **-** | - |
| 11 | Benefits paid directly by the Company | **-** | (1.34) |
| 12 | Benefits paid from plan assets | **-** | - |
| **13** | **DBO at end of current period** | **18.02** | 49.73 |
| | | | |
| **B.** | **Changes in fair value of assets:** | | |
| 1 | Fair value of assets at end of prior period | **-** | - |
| 2 | Acquisition adjustment | **-** | - |
| 3 | Interest income on plan assets | **-** | - |
| 4 | Employer contributions | **-** | - |
| 5 | Return on plan assets greater/(lesser) than discount rate | **-** | - |
| 6 | Benefits paid | **-** | - |
| **7** | **Fair Value of assets at the end of current period** | **-** | - |

**IV Additional Disclosures**

| | | 31 March 2023 | 31 March 2022 |
|---|---|---|---|
| **A.** | **Expected benefit payments for the years ending** | | |
| | Year 1 | **2.51** | 2.61 |
| | Year 2 | **0.99** | 4.25 |
| | Year 3 | **1.10** | 3.01 |
| | Year 4 | **1.12** | 5.53 |
| | Year 5 | **1.12** | 3.58 |
| **B.** | **Current and Non current breakup** | | |
| | Current liability | **2.51** | 5.42 |
| | Non current liability | **15.58** | 44.30 |
| | **Total Liability** | **18.09** | 49.72 |

V Sensitivity Analysis

| **31** | **Details** | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|---|
| **A** | **Discount rate** | | |
| | Discount rate as at year end | **7.33%** | 7.33% |
| | Effect on DBO due to 1% increase in discount rate | **16.32** | 45.15 |
| | Effect on DBO due to 1% decrease in discount rate | **20.07** | 55.20 |
| **B** | **Salary escalation rate** | | |
| | Salary escalation rate as at year end | **4%** | 4% |
| | Effect on DBO due to 1% increase in salary escalation rate | **20.17** | 55.44 |
| | Effect on DBO due to 1% decrease in salary escalation rate | **16.21** | 44.88 |
| **C** | **Attrition rate** | | |
| | Salary escalation rate as at year end | **4%** | 4% |
| | Effect on DBO due to 1% increase in attrition rate | **18.60** | 51.16 |
| | Effect on DBO due to 1% decrease in attrition rate | **17.31** | 48.01 |

Method used for sensitivity analysis: The sensitivity results above determine their individual impact on the Plan's end of year Defined Benefit Obligation. In reality, the Plan is subject to multiple external experience items which may move the Defined Benefit Obligation in similar or opposite directons, while the Plan's sensitivity to such changes can vary over time.

## 33 Financial Instruments

### 33.1 Accounting classification and fair values

The carrying amounts and fair values of financial instruments by class are as follows:

| | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|
| **Financial Assets** | | |
| Financial assets measured at fair value | - | - |
| Financial assets measured at amortised cost | | |
| Other financial assets | 1,524.81 | 4,630.61 |
| | | |
| **Financial Liabilities** | | |
| Financial liabilities measured at fair value | | |
| Financial liabilities measured at amortised cost | | |
| Lease liabilities | 6,137.23 | 6,902.84 |
| Other financial liabilities | 88.07 | 114.16 |

The Company has disclosed financial instruments such as cash and cash equivalents, other bank balances, trade receivables, trade payables at carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short term nature.

### 33.2 Fair value hierarchy

The fair value of financial instruments as referred to in note 33.1 above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The Company does not have any financial assets and liabilities, which are measured at fair value.

**Other financial assets and liabilities**

Cash and cash equivalents, trade receivables, investments in term deposits, other financial assets, trade payables and other financial liabilities have fair values that approximate to their carrying amounts due to their short-term nature.

## 34 Ratios

| S. No. | Ratio | Numerator | Denominator | 31 March 2023 | 31 March 2022 | % Variance |
|---|---|---|---|---|---|---|
| a) | Current ratio | Current Assets | Current Liabilities | 0.11 | 0.11 | 5% |
| b) | Debt equity ratio * | - | - | - | - | - |
| c) | Debt service coverage ratio * | - | - | - | - | - |
| d) | Return on equity | Net Profits after taxes | Average Shareholder's Equity | -0.29 | 0.33 | -186% |
| e) | Inventory turnover ratio * | - | - | - | - | - |
| f) | Trade receivables turnover ratio | Revenue | Average Trade Receivable | 27.27 | 18.30 | 49% |
| g) | Trade payables turnover ratio | Purchases of services and other expenses | Average Trade Payables | 1.14 | 1.41 | -20% |

| S. No. | Ratio | Numerator | Denominator | 31 March 2023 | 31 March 2022 | % Variance |
|---|---|---|---|---|---|---|
| h) | Net capital Turnover ratio | Revenue | Working Capital | -2.27 | -1.45 | 56% |
| i) | Net profit ratio | Net Profit | Revenue | -0.71 | 0.63 | -214% |
| j) | Return on capital employed | Earning before interest and taxes | Capital Employed | -0.22 | 0.24 | -193% |
| k) | Return on investment * | - | - | - | - | - |

* These ratios are not applicable to the company at present.

The change in the ratios compared to previous year is on account of increase in the current year profit due to the higher amount of donations received, reduction in the operating cost due to completion of academic batches

**35** Provision for current tax and deferred tax has not been made since the income of Company is exempted U/s 11 and 12 of the Income Tax Act, 1961. Tax assessment upto AY 17-18 are complete granting exemption to the income of the Company.

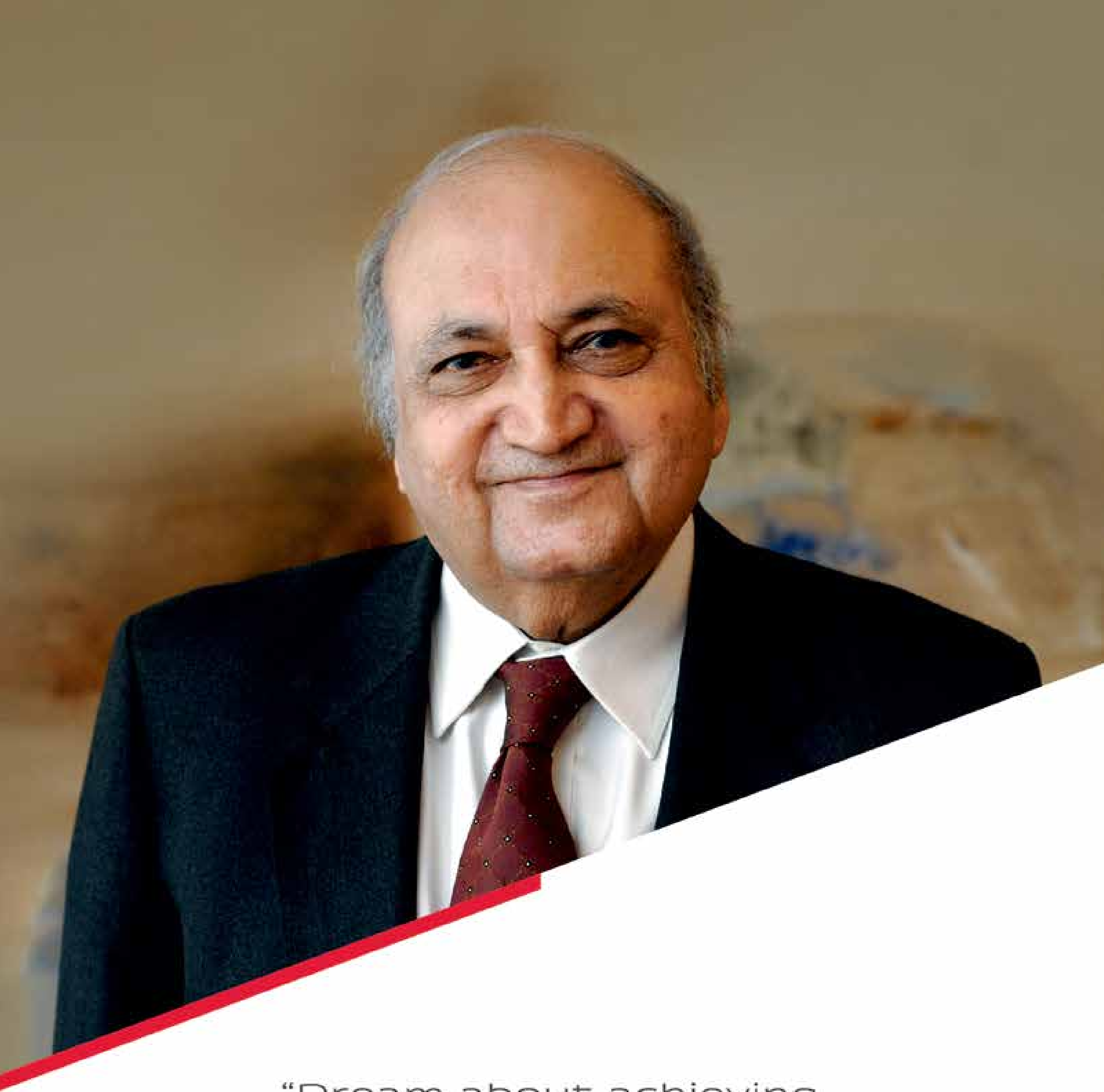
for and on behalf of the Board of Directors of
**Mahindra Educational Institutions**
CIN: U80300TG2013NPL086878

**Vineet Nayyar**
Director
DIN:00018243

**C.P. Gurnani**
Director
DIN:00018234

**Milind Kulkarni**
Director
DIN:00012888

Hyderabad, 22 April 2023



"Dream about achieving the impossible - because impossible things do happen."

**KESHUB MAHINDRA**

9 October 1923 - 12 April 2023

TECH
mahindra

Tech Mahindra Limited

**Registered Office:**
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