INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF Evolve Technologies & Services Private Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Evolve Technologies & Services Private Limited** ("the Company"), which comprise the Standalone Balance Sheet as at 31st March, 2021, and the Standalone Statement of Profit and Loss (including other Comprehensive Income), the Standalone Statement of Cash Flows and Standalone Statement of Changes in Equity for the year then ended, and notes to the Standalone financial statements, including a summary of the significant accounting policies and other explanatory information (herein after referred to as "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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, and its profit , and other comprehensive Income, changes in equity and its cash flows for the year ended on that date.

Basis of our Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the 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 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

Emphasis of Matter

We draw attention to Note 22 and 40 of the standalone financial statements, as regards the management's evaluation of uncertainties related to COVID-19 and its consequential effects on the financial statements and carrying value of its assets as at March 31, 2021. Our opinion is not modified in respect of this matter.

Other Information

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises of the Director's Report but does not include the standalone financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report. 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 financial statements, our responsibility is to read the other information identified above when it becomes available 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.

When we read the other reports containing other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions, if required.

Management's Responsibility 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 (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) 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 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 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 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.

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Auditor's Responsibility for Audit of 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 standalone financial statements in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Section 143 (3) of the Act, based on our audit, 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.
   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 Cash Flows and the Standalone Statement of changes in equity dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid standalone 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, 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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 standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
   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

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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Other Matter

The comparative financial information of the Company as at and for the year ended 31st March, 2020 prepared in accordance with Ind AS included in the standalone Ind AS financial statements has been audited by the predecessor auditor. The report of the predecessor auditor on such comparative financial information dated June 2 2020 expressed an unmodified opinion.

For Manian & Rao,
Chartered Accountants
FRN: 001983S

Paresh Daga
Partner
M.No. 211468

Place: Bangalore
Date: June 2, 2021
UDIN: 21211468AAAACA9935

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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
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")

(Referred to in paragraph 1 (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 the aforesaid standalone financial statements of **Evolve Technologies & Services Private Limited** ("the Company") as of March 31, 2021 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, an adequate internal financial controls with reference to the aforesaid standalone financial statements and such internal financial controls with reference to the aforesaid standalone financial statements were operating effectively as at March 31, 2021, based on the internal financial control with reference to the aforesaid standalone 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 (ICAI).

Management's Responsibility for Internal Financial Controls

The Company's management and board of directors are responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to the aforesaid standalone 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the aforesaid standalone 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 the aforesaid standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain

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reasonable assurance about whether adequate internal financial controls were established and maintained and whether 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 the aforesaid standalone financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to the aforesaid standalone financial statements included obtaining an understanding of such internal financial controls with reference to the aforesaid 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 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 with reference to the aforesaid standalone financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control with reference to the aforesaid standalone 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 control with reference to the aforesaid 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 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.

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Inherent Limitations of Internal Financial Controls with reference to the aforesaid Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to the aforesaid 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 the aforesaid standalone financial statements to future periods are subject to the risk that the internal financial control with reference to the aforesaid standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For Manian& Rao,
Chartered Accountants
FRN: 001983S

Paresh Daga
Partner
M.No. 211468

Place: Bangalore

Date: : June 2, 2021
UDIN: 21211468AAAACA9935

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 of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of Physical verification of fixed assets to cover all the items in a phased manner over a period of 3 years which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year except for Tools and Equipment due to COVID19 pandemic situation as the assets were situated at different locations. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under paragraph 3 (i)(c) of the Order is not applicable.

(ii) The Company is in the business of providing Manpower services. Accordingly, it does not hold any physical inventories. Thus, reporting on paragraph 3(ii) of the Order is not applicable.

(iii) The Company has not granted any Loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in Register maintained U/s 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.

(iv) The Company has not given any loans, guarantees and securities and has not made any investment during the year. Hence the provisions of section 185 and section 186 are not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. The Company does not have any unclaimed deposits and accordingly paragraph 3(v) of the order is not applicable.

(vi) The Central Government of India has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the Services rendered by the Company and therefore provision of section 3(vi) of the order is not applicable to the company.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues (other than as detailed below), including Provident Fund, Income-tax, Labour Welfare Fund, Professional Tax, Employee's State Insurance, Service Tax, cess, Goods and

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Services Tax and other material statutory dues applicable to it to the appropriate authorities. As on March 31, 2021 the Company had undisputed statutory dues outstanding for a period of more than six months from the date they became payable. Details of the same is as under:

		Amount in Lakhs
Sl No	**Statutory Dues**	**Amount outstanding for a period more than six months**
1	Provident Fund	54.15
2	Professional Tax	14.36
3	Employee's State Insurance	1.65
4	Labour Welfare Fund	1.23

(b) According the information and explanations given to us, there are no dues of duty of customs, sales tax, duty of excise, service tax, Goods and Services tax and value added tax which have not been deposited with the appropriate authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company did not have any outstanding loans or borrowings from financial institutions or government. The Company has not issued any debentures

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

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid / provided any managerial remuneration during the year and accordingly paragraph 3(xi) of the order is not applicable.

(xii) The Company is not a Nidhi Company and hence reporting under paragraph 3 (xii) of the Order is not applicable.

(xiii) As per the information and explanations given to us and the records of the company examined by us, the Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the standalone financial statements as required under

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Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act. The provisions of Section 177 of the Act are not applicable to the company.

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

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

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

For Manian & Rao,
Chartered Accountants
FRN: 001983S

Paresh Daga
Partner
M. No. 211468

Place: Bangalore
Date: : June 2, 2021
UDIN: 21211468AAAACA9935

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Evolve Technologies & Services Private Limited
Standalone Balance Sheet as of March 31, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	83.72	93.80
Other intangible assets	5	20.36	34.56
Financial assets			
Loans	6	2.92	2.92
Other Financial Assets	7	-	-
Deferred Tax Assets (net)	9	111.18	103.97
Income Tax Assets (net)	10	80.94	1,797.74
Other non-current assets		-	-
Total Non-Current Assets		**299.12**	**2,032.99**
Current Assets			
Financial assets			
Trade receivables	11	2,095.99	1,760.92
Cash and cash equivalents	12	300.93	1.42
Bank balances other than cash and cash equivalents	13	100.26	31.17
Loans	6	0.28	0.41
Other financial assets	7	1.80	0.88
Contract Assets	8	1,381.16	1,535.53
Other current assets	14	223.05	175.17
Total Current Assets		**4,103.47**	**3,505.49**
Total Assets		**4,402.59**	**5,538.48**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	15	351.82	351.83
Other equity	16	1,714.81	1,543.57
Total Equity		**2,066.63**	**1,895.40**
LIABILITIES			
Non-current liabilities:			
Financial liabilities			
Borrowings	18	323.00	480.00
Provisions	17	16.45	27.45
Total Non-Current Liabilities		**339.45**	**507.45**
Current liabilities:			
Financial liabilities			
Borrowings	18	-	452.49
Trade payables			
a. total outstanding dues of micro and small enterprises	19	310.07	473.67
b. total outstanding dues other than (a) above	19	284.07	304.48
Other financial liabilities	20	1,029.07	1,347.08
Provisions	17	23.40	21.64
Other current liabilities	21	349.90	536.29
Total Current Liabilities		**1,996.51**	**3,135.63**
Total Liabilities		**2,335.96**	**3,643.08**
Total Equity and Liabilities		**4,402.59**	**5,538.48**

Summary of significant accounting policies 1 to 3
The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date

For Manian & Rao
ICAI Firm Registration Number: 001983S
Chartered Accountants

For and on behalf of the Board
For Evolve Technologies & Services Private Limited

Paresh Daga
Partner
Membership Number: 211468

Place: Bangalore
Date: June 2, 2021

Ramani Dathi
Director
DIN: 08296675

Place: Bangalore
Date: June 2, 2021

Alka Chanda
Director
DIN: 08856604

Place: Bangalore
Date: June 2, 2021

Evolve Technologies & Services Private Limited

Standalone Statement of Profit and Loss for the period ended 31 Mar 2021

(All amounts in Rs. lakhs, unless otherwise stated)

	Note	Year ended 31 March 2021	Year ended 31 March 2020
Income			
Revenue from operations	22	13,968.43	17,203.81
Other income	23	85.52	139.16
Total Income		**14,053.95**	**17,342.97**
Expenses			
Employee benefits expense	24	12,781.84	14,134.62
Finance Costs	25	86.98	286.62
Depreciation and amortization expense	26	83.17	83.39
Other expenses	27	906.62	2,585.90
Total Expenses		**13,858.61**	**17,090.53**
Profit Before Tax		**195.34**	**252.44**
Tax Expense:			
- Current tax (Net of MAT credit)	28	33.59	42.62
- Deferrred Tax		(7.84)	6.04
Income Tax Expense (net)		**25.75**	**48.66**
Profit for the year After Tax		**169.59**	**203.78**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement gains/(losses) of defined benefits obligation		2.28	(5.35)
Income tax effect		(0.63)	1.49
Other comprehensive income/(loss) for the period/year, net of tax		**1.65**	**(3.86)**
Total comprehensive income for the period/year, net of tax		**171.24**	**199.91**
Earnings per equity share of Rs. 10 each;			
Basic and diluted	29	4.82	5.79
Summary of significant accounting policies	1 to 3		

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

As per our report of even date.

For Manian & Rao
ICAI Firm Registration Number: 001983S
Chartered Accountants

For and on behalf of the Board
For Evolve Technologies & Services Private Limited

Paresh Daga
Partner
Membership Number: 211468

Place: Bangalore
Date: June 2, 2021

Ramani Dathi
Director
DIN: 08296675

Place: Bangalore
Date: June 2, 2021

Alka Chanda
Director
DIN: 08856604

Place: Bangalore
Date: June 2, 2021

Evolve Technologies & Services Private Limited
Statement of Cash Flows for the year ended 31 March 2021
(All amounts in Rs. lakhs, unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
Operating activities		
Profit/(Loss) before tax	195.34	252.44
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment	68.97	71.28
Amortization of intangible assets	14.20	12.12
(Gain)/loss on disposal of property, plant and equipment	(4.38)	1.18
Interest paid bank overdraft	44.02	217.94
Interest paid - Others	3.77	7.21
Interest paid - Related Party	39.19	59.12
Interest income on IT Refund	(65.37)	(34.50)
Interest income on fixed deposits	(3.12)	-
Bad debts / advances written off and provided for	34.61	2.90
Liability No Longer Required Written Back	(12.37)	-
Input Credit Writeoff	28.14	-
Software expenses written off	-	2.84
Operating cash flows before working capital changes	**343.00**	**592.52**
Working capital adjustments		
(Increase)/decrease in trade receivables	(369.67)	(155.80)
(Increase)/decrease in other financial assets	(0.92)	-
(Increase)/decrease in loans	0.13	(0.66)
(Increase)/decrease in Contract Assets	154.37	31.50
(Increase)/decrease in other assets	(47.89)	(20.51)
Increase/(decrease) in trade payables	(184.00)	327.69
Increase/(decrease) in other financial liabilities	(305.64)	194.57
Increase/(decrease) in other current liabilities	(214.53)	138.97
Increase/(decrease) in provisions	(6.97)	5.73
Cash generated from operating activities	**(632.12)**	**1,114.00**
Income tax paid (including TDS) (net of refunds)	1,683.21	(387.05)
Net cash flows from operating activities (A)	**1,051.09**	**726.95**
Investing activities		
Purchase of property, plant and equipment (including CWIP)	(60.34)	(23.86)
Proceeds from disposal of property, plant and equipment	5.83	1.99
Investments in Fixed Deposits	(69.09)	904.18
Interest received	68.49	34.50
Net cash flows from / (used in) investing activities	**(55.11)**	**916.81**
Financing activities		
Finance cost (including of prepayments)	(86.98)	(284.27)
Proceeds from Borrowings(Net of repayments)	(601.02)	(1,250.10)
Net cash flows from / (used in) financing activities	**(688.00)**	**(1,534.36)**
Net increase / (decrease) in cash and cash equivalents	**307.98**	**109.39**
Cash and cash equivalents at the beginning of the year	(7.05)	(116.45)
Cash and cash equivalents at the end of the year	**300.93**	**(7.05)**

Summary of significant accounting policies 1 to 3

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

As per our report of even date.

For Manian & Rao
ICAI Firm Registration Number: 001983S
Chartered Accountants

For and on behalf of the Board
For Evolve Technologies & Services Private Limited

Paresh Daga
Partner
Membership Number: 211468

Ramani Dathi
Director
DIN: 08296675

Alka Chanda
Director
DIN: 08856604

Place: Bangalore
Date: June 2, 2021

Place: Bangalore
Date: June 2, 2021

Place: Bangalore
Date: June 2, 2021

Evolve Technologies & Services Private Limited
Standalone Statement of Changes in Equity for the year ended 31 March 2021
(All amounts in Rs. lakhs, unless otherwise stated)

a. Equity share capital:
Issued, subscribed and fully paid share capital

	Numbers	Amount
Equity shares of Rs. 10 each:		
At 1 April 2019	**35,18,250**	**351.83**
Additions during the period	-	-
At 31 March 2020	**35,18,250**	**351.83**
Additions during the period	-	-
At 31 March 2021	**35,18,250**	**351.83**

*** Also refer note 15**

b. Other equity

Particulars	Attributable to equity holders of the Company Reserves and surplus			Total other equity
	Securities premium	**Revaluation reserve**	**Retained earnings**	**Total**
As at 1st April 2019	**13.38**	**-**	**1,330.27**	**1,343.65**
Profit for the period	-	-	203.78	203.78
Other comprehensive income	-	-	(3.86)	(3.86)
Total comprehensive income				
Less: Reversal on account of business transfer				
As at 31 March 2020	**13.38**	**-**	**1,530.19**	**1,543.57**
For the period ended 31 Mar 2021				
As at 1st April 2020	**13.38**	**-**	**1,530.19**	**1,543.57**
Profit for the period	-	-	169.59	169.59
Other comprehensive income	-	-	1.65	1.65
As at 31 March 2021	**13.38**	**-**	**1,701.43**	**1,714.81**

Summary of significant accounting policies 3

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date

For Manian & Rao
ICAI Firm Registration Number: 001983S
Chartered Accountants

For and on behalf of the Board
For Evolve Technologies & Services Private Limited

Paresh Daga
Partner
Membership Number: 211468

Place: Bangalore
Date: June 2, 2021

Ramani Dathi
Director
DIN: 08296675

Place: Bangalore
Date: June 2, 2021

Alka Chanda
Director
DIN: 08856604

Place: Bangalore
Date: June 2, 2021

1 Corporate information

Evolve Technologies and Services Private Limited (the "Company") is an HR Services Company incorporated on July 25,1991. The Company currently provides clients, solution for their staffing and HR requirements offering a gamut of services that include Temporary Staffing and Permanent Recruitment.

The company is 100% subsidiary of TeamLease Digital Private Limited
The standalone financial statements are approved by the board of directors and authorized for issue in accordance with a resolution of the directors on 2nd June 2021

2 Basis of preparation

(i) Compliance with Ind AS
The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, (as amended).
(ii) Historical cost convention
The financial statements have been prepared on a historical cost basis, except for the following:
a) Certain financial assets and liabilities measured at fair value as explained in the accounting policies below ;
b) Defined benefit plans plan assets measured at fair value; and
c) Share-based payments is measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services as at the date of respective transactions.

The standalone financial statements are presented in Indian Rupee and all values are rounded to nearest lakhs except when otherwise stated.

3 Summary of significant accounting policies
3.1 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:
- Expected to be realised or intended to be sold or consumed in 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.

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 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities. Advance tax paid is classified as non-current assets.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has considered twelve months as its operating cycle.

3.2 Foreign currency translation

(i) Functional and presentation currency
Items included in the standalone financial statements of the company are measured using the currency of the primary economic environment in which the entity operates, ie, the "functional currency". The standalone financial statements are presented in Indian rupee (INR), which is functional and presentation currency of the Company.

ii) Transactions and balances
Foreign currency transactions are initially recorded by the company at their respective functional currency spot rate at the date the transaction first qualifies for recognition.
1) Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.
2) Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are translated using the exchange rates at the date of the initial transactions. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when fair value was determined.
3) Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss in the period in which they arise.

3.3 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks.
The specific recognition criteria described below must also be met before revenue is recognised.

Manpower services
Revenue from manpower services is accounted on accrual basis on performance of the service agreed in the Contract / Mandate Letter between the Company and its customer.

Recruitment Services
Revenue from recruitment services is recognized on accrual basis on performance of the services agreed in the contract with the customers.
Revenue in excess of invoicing are classified as Contract Assets while invoicing in excess of revenue are classified as Contract liability.

Company disaggregates revenue from contract with customers by nature of services.

Interest income
For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit or loss.

Dividends
Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

3.4 Taxes

Income Tax
Income tax expense comprises current tax expense and deferred tax asset or liability during the year. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the company operates and generates taxable income.
Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognised using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences, and the carry forward of unused tax credits and unused tax losses, except:
► When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
► In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences 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 tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive Income or directly in equity.
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities
Deferred tax assets include Minimum Alternative 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 income 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 realized.

3.5 Property, plant and equipment
Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation methods, estimated useful lives*
Till financial year ended March 31, 2020, the company was using Written down value method ("WDV"). However, during the year,the company has changed the method from WDV to straight-line method ("SLM"). Depreciation is calculated using the SLM over their estimated useful lives of the property, plant & equipment as prescribed under Part C of Schedule II of the act as follows;

Asset	**Life in Years**
Computers	3
Plant and Machinery	2
Office equipment	3 to 5

3.6 Intangible assets

Intangible assets acquired separately are measured on intial recognition at cost. Following initial resognition, intangible assets are carried at cost less any accumulated amortisation & accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Gains or losses arising from derecognition 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 the statement of profit or loss when the asset is derecognised.

Amortization methods, estimated useful lives*
Amortization is calculated using the written down value method over the estimated useful lives of the Intangibles as follows;

Intangible assets	**Life in Years**	**Acquired**
Computer software	5 years	Acquired
Software others	5 years	Acquired

(*) Based on the expected economic benefits, the management believes that the useful lives given above best represents the period over which the management expects to use the assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

3.7 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that any property, plant & equipment and intangible assets may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.
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.
Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, 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 and 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 and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

Investment in equity instruments issued by subsidiaries and associates are measured at cost less impairment. Investment in preference shares/ debentures of the subsidiaries are treated as equity instruments if the same are convertible into equity shares or are redeemable out of the proceeds of equity instruments issued for the purpose of redemption of such investments. Investment in preference shares/ debentures not meeting the aforesaid conditions are classified as debt instruments at amortised cost.

Effective interest method

The effective interest method (EIR) is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

Subsequent measurement

(i) Financial assets

Financial assets at amortised cost

Financial assets at fair value through other comprehensive income (FVOCI)
Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Impairment of financial assets
In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets. The Company follows 'simplified approach' for recognition of provision for ECL on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes provision for ECL based on lifetime ECLs at each reporting date, right from its initial recognition. Provision for ECL is recognised for financial assets measured at amortised cost and fair value through profit or loss.

Equity instruments
The Company subsequently measures all equity investments at fair value. Where the Company 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 of financial assets

A financial asset is derecognised only when the rights to receive cash flows from the asset have expired or the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(ii) Financial Liabilities
<u>Financial liabilities at amortised cost</u>
Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost through effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short term maturity of these instruments.

<u>Financial liabilities at FVTPL</u>
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognised in OCI. These gains/loss are not subsequently transferred to the statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other charge in fair value of such liability are recognised in the statement of profit or loss.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iii) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(iv) Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

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

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.09 Cash and cash equivalents

Cash and cash equivalent in the standalone 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 includes cash on hand, short-term deposits with original maturities 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, and bank overdrafts.

Bank overdrafts are shown within borrowings in financial liabilities in the balance sheet.

3.10 Employee benefits

Defined benefit plan

Gratuity obligations
Gratuity, which is a defined benefit plan, is accrued based on an independent actuarial valuation, which is done based on project unit credit method as at the balance sheet date. The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability.
Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur in other comprehensive income and is transferred to retained earnings in the statement of changes in equity in the balance sheet. Such accumulated re-measurements are not reclassified to the statement of profit and loss in subsequent periods.
In addition to the above, the Company recognises its liability in respect of gratuity for associate employees and its right of reimbursement as an asset in accordance with Ind AS 19.
Past service costs are recognised in profit or loss on the earlier of :

a) The date of the plan amendment or curtailment, and
b) 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 Group recognises the following changes in the net defined benefit obligation as an expense in the standalone 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

Defined contribution plan

Contribution to Government Provident Fund

The Company pays provident fund contributions to publicly administered provident funds as per applicable regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

Compensated absences
The employees of the Company are entitled to be compensated for unavailed leave as per the policy of the Company, the liability in respect of which is provided, based on an actuarial valuation (using the projected unit credit method) at the end of each year. Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits and those expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company's liability is actuarially determined (using Projected Unit Credit Method) at the end of each year. Actuarial gains/ losses are recognised in the Statement of Profit and Loss in the year in which they arise.

3.11 Provisions and contingent liability
Provision
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. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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 liability
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 arises from past events where it is either 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 measured reliably. The Company does not recognize a contingent liability but discloses its existence in the standalone financial statements.

3.12 Earnings Per Share (EPS)
Basic EPS is calculated by dividing the profit/loss for the year attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to equity shareholders of the company (after adjusting for convertible preference shares) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

3.13 Significant accounting judgments, estimates and assumptions

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

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 that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount which is higher of fair value less costs of disposal and the value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's 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 DCF model and the cash flows are derived from the budget for the next five years. The recoverable amount is 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.

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefit and the present value of the gratuity obligation are determined using actuarial valuations. 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 complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rate of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality table in India. The mortality tables tend to change only at interval in response to demographic changes. Further salary increases and gratuity increases are based on expected future inflation rates.

Useful life of assets considered for depreciation of Property, Plant and Equipment and amortization of Intangible assets

The charge in respect of periodic depreciation/amortization 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 each financial year end. The lives are based on technical advice, prior asset usage experience and the risk of technological obsolescence.

Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Other estimates:

The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

Estimation uncertainty relating to the global health pandemic on COVID-19

The company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues and Impairment. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the company, as at the date of approval of these financial statements has used internal sources of information including economic forecasts etc.The Company has considered such impact to the extent known and available currently.However the Impact assessment on COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

3.14 Operating segment

The Board of Directors have been identified as the Chief Operating Decision Maker (CODM) as defined by IND-AS 108, Operating Segment. CODM evaluates the performance of Company and allocated resources based on the analysis of various performance indicators of the Company.The Company operates in only one segment and hence segment reporting is not applicable.

3.15 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right of use Assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. 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.

ii) Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. 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 paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

3.16 Recent accounting pronouncements

Ministry of Corporate Affairs (MCA) on 24th March, 2021 vide its notification has amended Schedule III of the Companies Act , 2013 on presentation and disclosures in the financial statements and the amendments are applicable from April 1, 2021. The company is evaluating the effect of the amendments on its financial statements. There are no new accounting standards or amendment to existing standards notified by MCA.

Evolve Technologies & Services Private Limited
Notes to the standalone financial statements for the period ended 31 March, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

Note 4: Property, plant and equipment

	Office equipment	Computers	Plant & Machinery	Total
Gross Block				
As at 31 March 2019	4.61	167.19	365.35	537.15
Additions	-	1.57	22.30	23.86
Disposals	-	-	(5.04)	(5.04)
As at 31 March 2020	4.61	168.76	382.60	555.97
Additions	-	27.18	33.16	60.34
Disposals	-	(22.77)	-	(22.77)
As at 31 March 2021	4.61	173.17	415.76	593.54
Accumulated depreciation				
As at 31 March 2019	1.36	150.05	241.36	392.77
Charged during the year	2.05	10.54	58.68	71.28
Disposals	-	-	(1.87)	(1.87)
As at 31 March 2020	3.41	160.59	298.17	462.17
Charged during the year	0.27	1.48	66.96	68.71
Disposals		(21.07)		(21.07)
As at 31 March 2021	3.68	141.00	365.13	509.82
Net Block				
As at 31 March 2020	1.20	8.17	84.43	93.80
As at 31 March 2021	0.93	32.16	50.63	83.72

Note 5: Other Intangible assets

	Computer - Software	Software - Others	Total
As at 31 March 2019	**14.21**	**78.13**	**92.34**
Additions	-	-	-
Disposals/De-Recognition	4.62	-	4.62
As at 31 March 2020	**9.60**	**78.13**	**87.73**
Additions	-	-	-
Disposals/De-Recognition	-	-	-
As at 31 March 2021	**9.60**	**78.13**	**87.73**
Accumulated amortization			
As at 31 March 2019	**7.62**	**35.22**	**42.84**
Charged during the period	0.97	11.14	12.12
Disposals/De-Recognition	1.78	-	1.78
As at 31 March 2020	**6.82**	**46.36**	**53.17**
Charged during the period	0.26	13.94	14.20
Disposals/De-Recognition			-
As at 31 March 2021	**7.08**	**60.29**	**67.37**
Net Block			
As at 31 March 2020	2.78	31.78	34.56
As at 31 March 2021	2.52	17.84	20.36

Note:
During the year, the company changed the method of Depreciaton from WDV to SLM. The impact of such change in the current and future period is not material.

Evolve Technologies & Services Private Limited
Notes to the standalone financial statements for the period ended 31 March, 2021
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Financial assets
Note 6: Loans & Deposits

	31 March 2021	31 March 2020
Non-current		
(Unsecured, considered good)		
Other Deposits	2.92	2.92
	2.92	**2.92**
Current		
Security Deposit - Rent	0.28	0.41
	0.28	**0.41**

Note 7: Other financial assets

	31 March 2021	31 March 2020
Non-current		
Interest accrued on fixed deposits	-	-
Fixed deposits with banks (maturity of more than 12 months)	-	-
	-	-

	31 March 2021	31 March 2020
Current		
Interest accrued on fixed deposits	1.80	0.88
	1.80	**0.88**

Note 8:Contract Assets

Current	31 March 2021	31 March 2020
Staffing Services	1,381.16	1,535.53
	1,381.16	**1,535.53**
(i) Change in Contract Assets		
Balance at the beginning of the year	1,535.53	1,567.03
Revenue recognised during the year	1,055.98	1,363.86
Invoices raised/ Derecognised during the year	(1,210.35)	(1,395.36)
Balance at the end of the year	**1,381.16**	**1,535.53**

Note 9: Deferred tax assets/(liabilities)

	31 March 2021	31 March 2020
Deferred tax assets/(liabilities)	91.65	92.37
MAT Credit	19.53	11.60
	111.18	**103.97**

As at	Provisions	Disallowance under IT Act to be allowed as expense in future years	Depreciation on fixed assets	Defined Benefit Obligation	Total
1 April 2019	**11.02**		**59.57**	**20.22**	**90.81**
Charge/(Credit):					
Profit and loss	0.81	-	2.04	(2.77)	0.07
Other comprehensive income	-	-	-	1.49	1.49
31 March 2020	**11.83**	**-**	**61.61**	**18.94**	**92.37**
Charge/(Credit):					
Profit and loss	2.28	2.41	2.44	(7.22)	(0.09)
Other comprehensive income	-	-	-	(0.63)	(0.63)
31 March 2021	**14.11**	**2.41**	**64.05**	**11.08**	**91.65**

	31 March 2021	31 March 2020
Reconciliation of deferred tax (net)		
Opening balance	92.37	90.81
Tax credit/ (expense) during the year recognized in statement of profit and loss	(0.09)	0.07
Tax expense during the year recognized in OCI	(0.63)	1.49
Closing balance	**91.65**	**92.37**

Reconciliation of MAT Credit		31 March 2021	31 March 2020
Opening Balance as on April 1, 2020		**11.60**	17.70
Add: MAT credit Entitlement pertaining to previous year	**44.59**		
Less: MAT credit utilized during the year	**(36.66)**		
Recognised in Profit and Loss account		**7.93**	**(6.10)**
Closing Balance as on March 31, 2021		**19.53**	**11.60**

(All amounts in Rs. lakhs, unless otherwise stated)

Note 10: Income Tax Assets

	31 March 2021	31 March 2020
Advance income tax (net of provision for taxation)	80.94	1,797.74
	80.94	**1,797.74**

Note 11: Trade receivables
(Unsecured considered good unless other wise stated)

	31 March 2021	31 March 2020
Trade receivables from related parties (Refer Note 31)	146.25	188.25
	146.25	**188.25**
Trade receivables	1,949.74	1,572.67
Doubtful	50.71	42.52
	2,000.45	**1,615.20**
Less:		
Allowance for doubtful debts	(50.71)	(42.52)
	2,095.98	**1,760.92**

Break-up of security details

	31 March 2021	31 March 2020
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	2,095.99	1,760.92
Trade receivables which have insignificant risk	-	-
Trade receivables Credit impaired	50.71	42.52
Total	**2,146.70**	**1,803.45**
Allowance for doubtful debts	(50.71)	(42.52)
Total trade receivable	**2,095.99**	**1,760.92**

a) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person.
b) Trade receivables are non-interest bearing.

Note 12: Cash and cash equivalents

	31 March 2021	31 March 2020
Balances with banks		
- On current accounts	1.59	1.23
- On cash credit accounts	299.23	-
Cash on hand	0.11	0.19
	300.93	**1.42**

Note 13: Bank balances other than cash and cash equivalents

	31 March 2021	31 March 2020
Deposits with remaining maturity of less than 12 months	100.26	31.17
	100.26	**31.17**
Less : Amounts disclosed under other financial assets	-	-
	100.26	**31.17**
	401.19	**32.59**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	31 March 2021	31 March 2020
Balances with banks		
On current accounts	300.82	1.23
Cash on hand	0.11	0.19
	300.93	1.42
Less :- Bank overdraft	-	(8.47)
	300.93	**(7.05)**

There are no repatriation restrictions with regard to cash and cash equivalents at the end of the reporting period and prior periods.

Note 14: Other current assets

	31 March 2021	31 March 2020
Prepaid expenses	99.44	99.61
Advance to suppliers	8.27	0.27
Advance recoverable towards cash or kind	44.74	14.19
Balances with statutory/ government authorities	-	2.85
Loans and advances to employees	26.58	34.86
Other Current Assets	44.02	23.39
	223.05	**175.18**

(All amounts in Rs. lakhs, unless otherwise stated)

Note 15: Equity share capital and other equity

Equity share capital

	31 March 2021	31 March 2020
(i) Authorized equity share capital		
40,00,000 (31 March 2020: 40,00,000) equity shares of Rs. 10 each.	400.00	400.00
(ii) Issued, subscribed and fully paid-up shares		
35,18,250 (31 March 2020: 35,18,250) equity shares of Rs. 10 each.	351.83	351.83
Total issued, subscribed and fully paid-up shares	351.83	351.83

(iii) Terms/ rights attached to equity shares

The company has one class of equity shares having a par value of Rs.10 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 their shareholding.

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.

(iv) Details of shareholders holding more than 5% shares in the Company:

	31 March 2021		31 March 2020	
Name of the shareholders	**Numbers**	**% holding**	**Numbers**	**% holding**
Equity shares of Rs.10 each fully paid				
TeamLease Digital Private Limited (including its nominee), Holding Company	35,18,250	100	35,18,250	100

Note 16: Other equity

	31 March 2021	31 March 2020
Securities premium account	13.38	13.38
Retained earnings	1,701.43	1,530.19
	1,714.81	**1,543.58**
Securities premium		
Opening balance	13.38	13.38
Increase during the year	-	-
Closing balance	**13.38**	**13.38**
Surplus in the statement of profit and loss		
Opening balance	1,530.19	1,330.27
Net Profit/(Loss) for the year	169.59	203.78
Other comprehensive income recognized directly in retained earnings	1.65	(3.86)
Closing balance	**1,701.43**	**1,530.19**
Reserve & Surplus		
Opening balance	1,543.57	1,343.65
Increase / (decrease) during the year	171.23	199.91
Closing balance	**1,714.80**	**1,543.57**

Evolve Technologies & Services Private Limited
Notes to the standalone financial statements for the period ended 31 March, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

Note 17: Provisions
Employee benefit obligation

	31 March 2021	31 March 2020
Non-current		
Employee benefits - Gratuity (Refer note 30)	13.11	16.57
Employee benefits - Leave Encashment	3.34	10.88
	16.45	**27.45**

	31 March 2021	31 March 2020
Current		
Employee benefits - Gratuity (Refer note 30)	12.17	3.82
Employee benefits - Leave Encashment	11.23	17.82
	23.40	**21.64**

Note 18: Borrowings

	Rate	Maturity	31 March 2021	31 March 2020
Non-current Borrowings				
Unsecured				
Loans and advances from Related Party				
-TeamLease Digital Private Limited	7.25%	On Demand	-	205.00
-Keystone Business Solutions Private Limited	7.25%	On Demand	323.00	275.00
			323.00	**480.00**

	Rate	Maturity	31 March 2021	31 March 2020
Current Borrowings				
Secured				
Bill Discounting*	9.70%	NA	-	444.01
HDFC Cash Credit Account**	9.35%	NA	-	8.47
			-	**452.49**

*Bill Discounting facility has been secured by hypothecation of first and exclusive charge on all present and future book debts.
**The Banking facilities were secured by lien on fixed deposits of Rs.NIL (31 March, 2020 of Rs 929.95 Lakh). The company has closed all such banking facilities in the month of December, 2020.
Corporate Gurantee provided by the TeamLease Digital Private Limited and TeamLease Service Limited as on 31 March, 2021- NIL (31 March 2020- 1,900 lakhs)

(All amounts in Rs. lakhs, unless otherwise stated)

Note 19: Trade payables

	31 March 2021	31 March 2020
Current		
Total outstanding dues of micro enterprises and small enterprises	310.07	473.67
Total outstanding dues of creditors other than micro enterprises and small enterprises	284.07	304.48
	594.15	**778.14**

Based on the information available with the Company, there are suppliers who are registered as micro or medium enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2021

Note 20: Other financial liabilities

	31 March 2021	31 March 2020
Current		
Employees Benefits Payable	840.66	1,137.73
Security Deposit Received	188.41	202.42
Other financial laibilities	-	6.93
	1,029.07	**1,347.08**

Note 21: Other current liabilities

	31 March 2021	31 March 2020
Statutory dues payable	293.49	458.31
Advance from Customers	56.41	68.06
Deferred Revenue	-	9.92
	349.90	**536.29**

(All amounts in Rs. lakhs, unless otherwise stated)

Note 22: Revenue from operations

	31 March 2021	31 March 2020
Staffing Services	13,968.43	17,203.81
	13,968.43	**17,203.81**

Reconciliation of revenue recognised with contract price:

	31 March 2021	31 March 2020
Contract Price	13,968.43	17,203.81
Adjustments for:		
Contract liabilities	-	-
Refund Liabilities	-	-
Incentives and performance bonus	-	-
Revenue from continuing operations	13,968.43	17,203.81

Impact of Covid-19:

While the Company believes strongly that it has a rich portfolio of services to partner with customers, the impact on future revenue streams could come from:

• the inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers;
• prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility and
• customers postponing their discretionary spend due to change in priorities.
• Delay in obtaining the Work Completion Certificate from the customer resulting in delay in Invoicing.

The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

Note 23: Other income

	31 March 2021	31 March 2020
Interest income on:		
Deposits with banks	3.12	34.50
Income Tax Refund	65.37	104.66
Income from other services	0.28	-
Gain on sale of Fixed Assets	4.38	-
Liability No Longer Required Written Back	12.37	-
	85.52	**139.16**

Note 24: Employee benefits expense

	31 March 2021	31 March 2020
Salaries, wages and bonus	11,966.65	13,210.45
Gratuity expense (Refer note 30)	14.30	4.06
Leave Encashment	27.78	70.51
Contribution to provident fund and other funds	687.97	755.48
Staff welfare expenses	85.15	94.12
	12,781.84	**14,134.62**

Note 25: Finance Cost

	31 March 2021	31 March 2020
Interest on loans		
Borrowings	44.02	223.05
Others	3.77	4.45
Interest paid to Related Party	39.19	59.12
	86.98	**286.62**

Note 26: Depreciation and amortisation

	31 March 2021	31 March 2020
Depreciation of property, plant & equipment	68.97	71.28
Amortization of other intangible assets	14.20	12.12
	83.17	**83.39**

Evolve Technologies & Services Private Limited
Notes to the standalone financial statements for the period ended 31 March, 2021
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Note 27: Other expenses

		31 March 2021	31 March 2020
Rent		235.75	290.75
Repairs and maintenance		19.98	27.77
Electricity Charges		0.93	6.73
Rates and taxes		6.18	0.72
Communication		16.65	27.51
Travelling and conveyance		357.31	1,119.46
Loss on sale of Fixed Asset		-	1.18
Legal and professional		117.17	491.89
Payments to auditors (Refer note below)		5.60	5.15
Bad Debts Written Off	**26.42**		
Less: Provision for expected credit loss utilised	**(26.42)**	-	-
Provision for Bad and Doubtful Debts		34.61	2.90
Office Expenses		17.22	-
Cost of Material Consumed		27.48	39.32
Miscellaneous expenses		0.89	3.59
Infra support charges		38.70	568.94
Input Credit Writeoff		28.14	-
		906.62	**2,585.90**

Note: Payment to auditors

	31 March 2021	31 March 2020
As auditor		
Statutory audit fee	4.00	3.00
Tax audit fee	0.80	1.00
Certification	0.80	-
GST Audit	-	1.00
Reimbursement of expenses	-	0.15
	5.60	**5.15**

Note 28: Income tax expense

	31 March 2021	31 March 2020
Income tax recognized in Profit & Loss		
Current Tax	33.59	42.62
MAT Entitlement	(44.59)	-
MAT Credit Utilised	36.66	6.11
Deferred tax [Charge/(credit)]	0.09	(0.07)
	25.75	**48.66**

OCI section

	31 March 2021	31 March 2020
Income tax recognized in Other Comprehensive Income		
Current tax charged to OCI	(0.63)	1.49
	(0.63)	**1.49**

Reconciliation of effective tax rate:

	31 March 2021	31 March 2020
Profit before tax	195.34	252.44
Tax using the Company's domestic tax rate @ 27.82%	54.34	70.23
Tax effect of:		
Disallowance and timing difference	8.07	1.64
MAT Credit Utilised	(36.66)	-
80JJAA Deduction	-	(23.21)
	25.75	**48.66**

Note 29: Earnings per share

The following reflects the income and share data used in the basic and diluted EPS computations:

	31 March 2021	31 March 2020
Profit/(Loss) attributable to equity shareholders	169.59	203.78
Nominal value of each equity share (Rs.)	10	10
Weighted average number of equity shares outstanding during the year	35,18,250	35,18,250
EPS - basic and diluted (Rs.)	**4.82**	**5.79**

Note 30: Employee Benefit Obligations

Gratuity (Core employees)
The Company has defined benefit gratuity plan for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, every employee who has completed 4 years and 240 days of service are eligible for gratuity on departure at 15 days salary (last drawn) for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement.

i) Leave Obligation

Particulars	31 March 2021	31 March 2020
Leave Obligations not expected to be settled within the next 12 months	11.23	17.82

ii) Defined Contribution plans
The Company also has certain defined contribution plans. Contributions are made to provident fund in India for employees at the rate of 12% of the salary as per the regulations. The contribution are made to registered provident fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation.The expenses recognised during the year towards defined contribution plan is Rs. 642.95 Lakhs (31 March, 2020: Rs. 702.46 lakhs).

Gratuity (Core employees)
The Company has defined benefit gratuity plan for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, every employee who has completed 4 years and 240 days of service are eligible for gratuity on departure at 15 days salary (last drawn) for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement.

These plans typically expose the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on Government bonds. If the plan assets underperform this yield, this will create a deficit. The Company maintains plan asset through insurance company.
Interest risk	A decrease in the bond interest rate will increase the plan liability.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The following table summaries the components of net
Net defined benefit liability/ (assets)

	31 March 2021	31 March 2020
Present value of funded obligation	25.27	20.39
Fair value of plan assets	-	-
	25.27	**20.39**

Net benefit cost recognized in statement of profit and loss

	31 March 2021	31 March 2020
Current service cost	13.19	1.68
Interest cost on defined benefit obligation	1.11	0.93
	14.30	**2.61**

Remeasurement loss/(gains) in other comprehensive income

	31 March 2021	31 March 2020
Particulars		
Due to change in demographic assumptions	-	1.61
Due to change in financial assumptions	0.16	2.59
Due to change in experience adjustments	(2.44)	1.15
Acturial loss/(gain) recognised in OCI	**(2.28)**	**5.35**

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Changes in present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

	31 March 2021	31 March 2020
Defined benefit obligation at beginning of the year	20.39	14.17
Current service cost	13.19	1.68
Interest cost on defined benefit obligation	1.11	0.93
Benefits paid	(7.14)	(3.19)
Liability Transferred In/ Acquisitions	-	1.45
Re-measurements		
Actuarial (gain) / loss arising from changes in demographic assumptions	-	1.61
Actuarial (gain) / loss arising from changes in financial assumptions	0.16	2.59
Actuarial (gain) / loss arising from changes in experience adjustments	(2.44)	1.15
	25.27	**20.39**

	31 March 2021	31 March 2020
Current	12.17	3.82
Non-current	13.11	16.57

Evolve Technologies & Services Private Limited
Notes to the standalone financial statements for the period ended 31 March, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

The principal assumptions used in determining gratuity benefit obligation are shown below:

	31 March 2021	31 March 2020
Discount rate	5.18%[Core], 3.86% [Associate]	5.45%
Salary escalation rate	8% [Core], 5% [Associate]	8.00%
Attrition rate	24% [Core], 45% [Associate]	24.00%
Retirement age	60	60
Mortality tables	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate

Note:
1) The estimates of future salary increase, considered in actuarial valuation, takes into account inflation, seniority, parameter and other relevant factors such as supply and demand factors in employment matter.

Sensitivity analysis
A quantitative sensitivity analysis for significant assumptions on defined benefit obligation as at 31 March 2021 and 31 March 2020 are as shown below:

	Discount rate	Salary esclation rate	Attrition rate
	31 Mar 2021	31 Mar 2021	31 Mar 2021
1% increase	24.45	26.14	24.81
1% decrease	26.17	24.46	25.76
	31 Mar 2020	31 Mar 2020	31 Mar 2020
1% increase	19.68	14.91	20.19
1% decrease	21.16	13.47	20.16

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

The following payments are expected contributions to the defined benefit plan in future years

	31 Mar 2021	31 Mar 2020
Year 1	3.43	3.82
Year 2	4.99	3.30
Year 3	4.24	2.92
Year 4	3.18	2.77
Year 5	3.73	2.34
Next 5 years	7.68	6.69

The weighted average duration of defined benefit obligation at the end of the reporting period is around 5 years [Core] /4 years [Associates]

Evolve Technologies & Services Private Limited
Notes to the standalone financial statements for the period ended 31st March, 2021
(All amounts in Rs. lakhs, unless otherwise stated)

Note 31: Related party disclosure

(i) List of related parties and relationship:

Description of relationship	Names of the related parties
a) Holding Company	TeamLease Digital Private Limited ('TDPL')
b) Ultimate Holding Company	TeamLease Services Limited ('TLSL')
c) Fellow Subsidiary	Keystone Business Solutions Private Limited ('KBSPL') Teamlease E-Hire Pvt. Ltd. (TLEH), formerly known as Cassius Technologies Private Limited IIJT Education Private Limited ('IIJT') TeamLease Education Foundation ('TLEF') I.M.S.I Staffing Private Limited (IMSI) TeamLease Edtech Limited (TLEL) (formerly known as School Guru Eduserve Private Limited
d) Companies where Ultimate Holding company has significant influence (Associate & Jointly Controlled)	Avantis Regtech Private Limited ('ARPL')
d) Key management personnel and their relatives	Ashok Kumar Nedurumalli-Director- (resigned w.e.f 23-03-2021) Ravi Vishwanath- Director-(resigned w.e.f 23-03-2021) Ramani Dathi -Director- w.e.f. 12-11-2019 Rituparna Chakraborty-Director- (appointed w.e.f. 30-07-2020) Alka Chanda- Director- (appointed w.e.f. 23-03-2021)

(ii) Transactions with related parties

Transactions with related parties	**31 Mar 2021**	**31 Mar 2020**
Acceptance of Loan		
TDPL	3,155.00	2,855.00
KBSPL	2,200.00	575.00
Loan Repaid to		
TDPL	3,360.00	3,335.10
KBSPL	2,152.00	525.00
Interest Expense on Loan	18.00	
TDPL	10.56	50.40
KBSPL	28.63	8.72
Expenses incurred by the others on behalf of Company - Cross charged		
TDPL	131.33	11.71
TLSL	18.00	22.93
TLEH	0.90	1.54
IMSI	19.00	-
Service Taken		
ARPL	19.81	-
TLSL	2.97	-
Cross-Charges to		
TDPL	24.84	5.62
TLSL	221.12	195.07
IMSI	3.28	-

(All amounts in Rs. lakhs, unless otherwise stated)

(iii) Outstanding balances as at year ended

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	31 Mar 2021	31 Mar 2020
Loans Payable		
TDPL	-	205.00
KBSPL	323.00	275.00
Key Managerial Personel		
Trade/other Receivable		
TDPL	1.61	1.94
TLSL	145.59	186.31
IMSI	0.93	-
Trade/other Payable		
TDPL	95.31	10.20
TLSL	31.95	8.23
ARPL	3.93	-
TLEH	0.17	-
IMSI	0.30	-

Note 32: Lease

The Company has entered into various operating lease agreements for office premises at various locations and the lease payments are as follows:

	31 Mar 2021	31 Mar 2020
Lease rentals	235.75	290.75

The company does not have long-term operating lease agreement

(All amounts in Rs. lakhs, unless otherwise stated)

Note 33: Fair value measurements

Financial instruments by category and hierarchy

	31 March 2021		
	Amortized cost	**FVOCI**	**FVTPL**
Financial Assets			
Loans -Others	3.20		
Trade receivables	2,095.98	-	-
Cash and cash equivalents	300.93	-	-
Bank balances other than cash and cash equivalents	100.26	-	-
Other financial assets	1.80	-	-
	2,502.17	**-**	**-**
Financial libalities			
Borrowings	323.00		
Trade payables	594.15	-	-
Other financial liabilities	1,029.07	-	-
	1,946.21	**-**	**-**

Financial instruments by category and hierarchy

	31 March 2020		
	Amortized cost	**FVOCI**	**FVTPL**
Financial Assets			
Loans -Others	3.33		
Trade receivables	1,760.92	-	-
Cash and cash equivalents	1.42	-	-
Bank balances other than cash and cash equivalents	31.17	-	-
Other financial assets	0.88	-	-
	1,797.72	**-**	**-**
Financial libalities			
Borrowings	932.49		
Trade payables	778.14	-	-
Other financial liabilities	1,347.08	-	-
	3,057.70	**-**	**-**

Particulars

Management has assessed that the fair value of cash and cash equivalents, loans receivable, trade receivables, trade payables, other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included in the amount at which the instruments could be exchanged in a current transaction between fulfilling parties, other than in a forced or liquidation sale.

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: This level of hierarchy includes financial assets and liabilities, measured using quoted prices (unadjusted) in active markets. This category consists of investment in mutual funds.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and 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.
This is the case for investment in unquoted preference shares included in Level 3.

(All amounts in Rs. lakhs, unless otherwise stated)

Note 34: Financial risk management objectives and policies

Risk management framework

i) The Company's board of directors have the overall responsibility of the establishment and oversight of its risks management framework.
ii) The Company's principal financial liabilities comprise borrowings, trade and other payables. The Company's principal financial assets include trade and other receivables,contarct assets, cash and cash equivalents and other bank balances that derive directly from its operations.
iii) The Company's activities exposes it to market risk, liquidity risk and credit risk.
iv) These risks are identified on a continuous basis and assessed for the impact on the financial performance. 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 of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and foreign currency risk.
Financial instruments affected by market risks include trade receivable and trade payable.

(i) Foreign Currency Risk

Foreign currency risks is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company does not have significant foreign currency exposure and hence is not exposed to any significant foreign currency risks.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company does not have significant debt obligation with floating interest rates, hence is not exposed to any significant interest rate risks.

(b) Credit risk

Credit risk is the risk that counterparty will not meet its contractual 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 trade receivables) and from its financing activities with banks and financial institutions, investments and other financial instruments.

Trade receivables

With respect to trade receivables/unbilled revenue, the Company has constituted the terms to review the receivables on periodic basis and to take necessary mitigations, wherever required. The Company creates allowance for all unsecured receivables based on lifetime expected credit loss based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

Management does not expect any significant loss from non-performance by counterparties on credit granted during the financial year that has not been provided for.

	31 Mar 2021	31 Mar 2020
Trade receivable	2,095.98	1,760.92
Loans to employees	26.58	34.86
Other financial assets	1.80	0.88
	2,124.36	**1,796.66**

The following table summarizes the changes in the loss allowance measured using ECL:

	31 Mar 2021	31 Mar 2020
Opening balance	42.53	39.62
Amount provided/ (reversed) during the year	8.19	2.90
Closing provision	50.72	42.53

Financial instrument and cash deposit

Credit risk from balances with the banks and financial institutions are managed by the Company's treasury team based on the Company's policy. Investment of surplus fund is made only with approved counterparties.

Counterparty credit limits are reviewed by the company periodically and the limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(All amounts in Rs. lakhs, unless otherwise stated)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available 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 monitors its risk of a shortage of funds on a regular basis. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments other than from related parties

	0-1 year	1-2 years	2 years and above	Total
As at 31 March 2021				
Bank Overdraft	-	-	-	-
Trade payables	594.15	-	-	594.15
Other financial liabilities	1,029.07	-	-	1,029.07
	1,623.21	**-**	**-**	**1,623.21**
As at 31 March 2020				
Bank Overdraft	452.49	-	-	452.49
Trade payables	778.14	-	-	778.14
Other financial liabilities	1,347.08	-	-	1,347.08
	2,577.70	**-**	**-**	**2,577.70**

Note 35: Capital management

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 to uphold investor, creditor and customer confidence and to ensure future development of its business. The Company focused on keeping strong capital base to ensure independence, to ensure sustained growth in business.
The Company is predominantly equity financed and through working capital loan . To maintain and adjust capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Note 36: The Micro, Small and Medium Enterprises Development Act, 2006

Details of dues to micro enterprises and small enterprises as defined under the Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006.

	31 Mar 2021	31 Mar 2020
The principal amount and the interest due thereon remaining		
Principal amount due to micro and small enterprises	310.07	472.30
Interest due on above	-	1.36
Total	310.07	473.66
The amount of interest paid by the buyer in terms of section 16 of	-	-
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 the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	1.36
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	-	-

Evolve Technologies & Services Private Limited

Notes to the standalone financial statements for the period ended 31st March, 2020

(All amounts in Rs. lakhs, unless otherwise stated)

Note 37: Commitments

(a) Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for as at:

	31 Mar 2021	31 Mar 2020
Property, plant and equipment	-	-

(b) Other Commitments

In nature of Bank Guarantees	31 Mar 2021	31 Mar 2020
Power Grid Corporation Of India Ltd	18.79	32.27
Rajasthan Medical Service	5.49	5.49
Security Department	5.76	5.76
Principal of Agriculture College	4.67	4.67
Commanding Officer	1.17	1.17
Postal Directorate	1.32	1.32
Board of Trustees	-	-
Additional Director General of Police Inspector General of Prisons	8.47	8.47
Directorate General, ASI	7.92	7.92
Director, Purchases & Stores	3.57	3.57
	57.16	**70.64**

Note 38: Contingent Liabiities

There are no reportable contingent liabilities.

Note 39: Scheme of Merger

The Board of Directors of the Company at its meeting held on 16th November, 2020 has approved the Scheme of Amalgamation of the Company with TeamLease Digital Private Limited (the Scheme), which inter alia provides for merger of TeamLease Digital Private Limited with the Company under Sections 230 to 232 read with Section 234 and other applicable provisions of the Companies Act, 2013.

The Company has filed above Scheme with the Hon'ble National Company Law Tribunal, Mumbai Bench. This merger is subject to all necessary approvals and the appointed date for the merger shall be 1st April, 2020.

Note 40: Uncertainty relating to the global health pandemic on COVID-19

The company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of Trade receivables, employee benefits payable, Contract Assets and Property, Plant & Equipment. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the company, as at the date of approval of these financial statements has used internal sources of information including economic condition effecting the operation of the company. This financial statement incorporates the impact of COVID-19 to the extent ascertainable.However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Impact on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

Note 41: Previous Year

Previous year's figures have been reclassified, wherever necessary, to conform to the current year's classification.

Signatures to Note 1 to 41 forming part of the financial statements

For Manian & Rao
ICAI Firm Registration Number: 001983S
Chartered Accountants

For and on behalf of the Board of Directors
For Evolve Technologies & Services Private Limited

Paresh Daga
Partner
Membership Number: 211468

Place: Bangalore
Date: June 2, 2021

Ramani Dathi
Director
DIN: 08296675

Place: Bangalore
Date: June 2, 2021

Alka Chanda
Director
DIN: 08856604

Place: Banaglore
Date: June 2, 2021