**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF TEAMLEASE DIGITAL PRIVATE LIMITED (formerly TeamLease Staffing Services Private Limited)**

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the accompanying standalone financial statements of **TEAMLEASE DIGITAL 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 losses , 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

**Other Information**

The Company's Board of Directors is 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 financial statements does not cover the other information and we will 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.


No. 361, I Floor, 7th Cross,
I Block Jayanagar, Bangalore - 560 011.
Ph: +91 80 26569500
Telefax: +91 80 26569501
Email: contact@manian-rao.com

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 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.

**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.


No. 361, I Floor, 7th Cross,
I Block Jayanagar, Bangalore - 560 011.
Ph: +91 80 26569500
Telefax: +91 80 26569501
Email: contact@manian-rao.com

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 has disclosed the impact of pending litigations as at 31st March, 2021 on its financial position in its standalone financial statements. Refer to Note 39 to the standalone financial statements.

   ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii) There 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.

For Manian & Rao,
Chartered Accountants
FRN: 001983S

Paresh Daga
Digitally signed by Paresh Daga
Date: 2021.05.28 22:20:53 +05'30'

Paresh Daga
Partner
M.No. 211468

Place: Bangalore
Date: May 28, 2021
UDIN: 21211468AAAABY3152



No. 361, I Floor, 7th Cross,
I Block Jayanagar, Bangalore - 560 011.
Ph: +91 80 26569500
Telefax: +91 80 26569501
Email: contact@manian-rao.com

**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 TEAMLEASE DIGITAL 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 reasonable assurance about whether adequate internal financial controls were established and maintained and whether such controls operated effectively in all material respects.


No. 361, I Floor, 7th Cross,
I Block Jayanagar, Bangalore - 560 011.
Ph: +91 80 26569500
Telefax: +91 80 26569501
Email: contact@manian-rao.com

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.

**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
Digitally signed by Paresh Daga
Date: 2021.05.28 22:21:26 +05'30'

Paresh Daga
Partner
M.No. 211468

Place: Bangalore

Date: May 28, 2021
UDIN: 21211468AAAABY3152


No. 361, I Floor, 7th Cross,
I Block Jayanagar, Bangalore - 560 011.
Ph: +91 80 26569500
Telefax: +91 80 26569501
Email: contact@manian-rao.com

**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. 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 & IT services. Accordingly, it does not hold any physical inventories. Thus, reporting on paragraph 3(ii) of the Order is not applicable.

(iii) According to information and explanation provided to us, the Company has granted unsecured loans to two of its subsidiaries covered in the register maintained under Section 189 of the Companies Act, 2013.

(a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the subsidiaries listed in the register maintained under Section 189 of the Act were not, *prima facie*, prejudicial to the interest of the Company.

(b) In the case of the loans granted to the subsidiaries listed in the register maintained under Section 189 of the Act, the borrowers have been regular in the payment of interest and there is no stipulation of schedule of repayment of principal amount.

(c) There are no overdue amounts in respect of the loans granted to the subsidiaries listed in the registered maintained under Section 189 of the Act.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of The Act, with respect to the loans and investments made.

(v) The Company has not accepted any deposit from the public within the meaning if the derivatives issued by Reserve Bank of India, provisions of Section73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.

(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,


No. 361, I Floor, 7th Cross,
I Block Jayanagar, Bangalore - 560 011.
Ph: +91 80 26569500
Telefax: +91 80 26569501
Email: contact@manian-rao.com

Professional Tax, Employee's State Insurance, Service Tax, cess, Goods and 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 | Tax Deduction at source including interest | 39.66 |
| 2 | Provident Fund | 28.94 |
| 3 | Professional Tax | 1.59 |
| 4 | Service Tax including interest thereon | 0.63 |
| 5 | Employee's State Insurance | 1.58 |
| 6 | Labour Welfare Fund | 0.80 |

(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. According to the information and explanations given to us, the following dues of income tax have not been deposited by the Company on account of disputes:

**(Amount in lakhs)**

| Name of Statue | Nature of Dues | Forum where Dispute is Pending | Period to which the Amount Relates | Amount Involved |
|---|---|---|---|---|
| The Income Tax Act, 1961 | Income Tax | ITAT | A.Y 2007-08 | 33.51 |
| The Income Tax Act, 1961 | Income Tax | ITAT | A.Y 2014-15 | 34.74 |
| The Income Tax Act,1961 | Income Tax | CIT(A) | A.Y.2016-17 | 24.83 |

(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 and there are no dues to debenture holders during the year.

(ix) The Company has not raised moneys by way of initial public offer or further public offer or term loans. During the year company has raised money by issuing compulsorily convertible debentures and in our opinion and according to the information and explanations given to us, the company has utilized the money raised by way of debentures for the purpose for which they were raised.



No. 361, I Floor, 7th Cross,
I Block Jayanagar, Bangalore - 560 011.
Ph: +91 80 26569500
Telefax: +91 80 26569501
Email: contact@manian-rao.com

(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) According to the information and explanations given to us, in our opinion the Company is not a Nidhi Company as prescribed under section 406 of the Act, and hence reporting under paragraph 3 (xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with related parties are in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares. However, the company during the year issued fully paid convertible debentures and as per the information and explanation provided to us the company has complied with the section of 42 of the Companies Act, 2013. The amount raised has been used for the purpose for which the funds were raised.

(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
Digitally signed by Paresh Daga
Date: 2021.05.28 22:21:52 +05'30'

Paresh Daga
Partner
M. No. 211468

Place: Bangalore
Date: May 28, 2021
UDIN: 21211468AAAABY3152



No. 361, I Floor, 7th Cross,
I Block Jayanagar, Bangalore - 560 011.
Ph: +91 80 26569500
Telefax: +91 80 26569501
Email: contact@manian-rao.com

**Teamlease Digital Private Limited (Formerly TeamLease Staffing Services Private Limited)**
Standalone Balance Sheet as at 31 March 2021
(All amounts in Rs. lakhs, unless otherwise stated)

| Particulars | Notes | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4 | 224.81 | 215.85 |
| Right-of-Use Assets | 5 | 59.21 | 187.89 |
| Goodwill | 6 | 4,394.30 | 5,141.66 |
| Other intangible assets | 6 | 863.72 | 1,367.48 |
| Intangible assets under Development | | 20.00 | - |
| Financial assets | | | |
| Investments | 7 | 5,410.15 | 5,410.15 |
| Loans | 8 | 28.45 | 44.81 |
| Other financial assets | 9 | 13.07 | 13.23 |
| Deferred tax assets (net) | 11 | 144.23 | 686.51 |
| Income tax assets (net) | 12 | 2,985.06 | 3,407.57 |
| Other non-current assets | 13 | - | - |
| **Total non-current assets** | | **14,143.00** | **16,475.15** |
| **Current assets** | | | |
| Financial assets | | | |
| Trade receivables | 14 | 2,470.90 | 2,888.10 |
| Cash and cash equivalents | 15 | 834.00 | 12.70 |
| Bank balances other than cash and cash equivalents | 16 | 3.83 | - |
| Loans | 8 | 37.36 | 258.53 |
| Other financial assets | 9 | 0.54 | - |
| Contract Assets | 10 | 1,892.83 | 1,676.64 |
| Other current assets | 17 | 435.22 | 444.15 |
| **Total current assets** | | **5,674.68** | **5,280.12** |
| **Total assets** | | **19,817.68** | **21,755.27** |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Equity share capital | 18 | 473.50 | 473.50 |
| Other equity | 19 | (1,915.76) | (690.34) |
| **Total equity** | | **(1,442.26)** | **(216.84)** |
| **LIABILITIES** | | | |
| **Non-current liabilities:** | | | |
| Financial liabilities | | | |
| Borrowings | 20 | 18,400.00 | 16,182.00 |
| Lease Liabilities | 23 | 14.39 | 113.04 |
| Provisions | 21 | 93.96 | 64.10 |
| **Total non-current liabilities** | | **18,508.35** | **16,359.14** |
| **Current liabilities:** | | | |
| Financial liabilities | | | |
| Borrowings | 20 | 870.36 | 3,253.12 |
| Trade payables | | | |
| (a) total outstanding dues of micro and small enterprises | 22 | 42.51 | 17.85 |
| (b) total outstanding dues other than (a) above | 22 | 89.40 | 233.53 |
| Lease Liabilities | 23 | 56.86 | 89.78 |
| Other financial liabilities | 23 | 1,237.90 | 1,603.29 |
| Provisions | 21 | 61.31 | 28.76 |
| Other current liabilities | 24 | 393.25 | 386.64 |
| **Total current liabilities** | | **2,751.59** | **5,612.97** |
| **Total liabilities** | | **21,259.94** | **21,972.11** |
| **Total equity and liabilities** | | **19,817.68** | **21,755.27** |
| Summary of significant accounting policies | 1-3 | | |

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

Paresh Daga
Digitally signed by Paresh Daga
Date: 2021.05.28 23:31:44 +05'30'

Paresh Daga
Partner
Membership Number: 211468

Place: Bangalore
Date: 28/05/2021

For and on behalf of the Board of Directors

RAMANI DATHI
Digitally signed by RAMANI DATHI
Date: 2021.05.28 23:23:08 +05'30'

Alaka Chanda
Director
DIN: 08856604

Ramani Dathi
Director
DIN: 08296675

Place: Bangalore
Date: 28/05/2021

**Teamlease Digital Private Limited (Formerly TeamLease Staffing Services Private Limited)**
Standalone Financial Statement for the year ended 31 March 2021
(All amounts in Rs. lakhs, unless otherwise stated)

| Particulars | Notes | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 25 | 18,991.92 | 19,533.94 |
| Other income | 26 | 167.86 | 131.11 |
| **Total income** | | **19,159.78** | **19,665.05** |
| **Expenses** | | | |
| Employee benefits expense | 27 | 15,863.79 | 16,906.68 |
| Finance Costs | 28 | 1,638.83 | 1,689.28 |
| Depreciation and amortization expense | 29 | 1,381.40 | 1,447.15 |
| Other expenses | 30 | 667.47 | 1,143.02 |
| **Total expenses** | | **19,551.49** | **21,186.13** |
| **Profit/(Loss) before exceptional item and tax** | | **(391.71)** | **(1,521.08)** |
| Exceptional item | 44 | (300.00) | - |
| **Profit/ (Loss) before tax** | | **(691.71)** | **(1,521.08)** |
| Tax expense: | | | |
| - Current tax | | - | - |
| - Tax adjustment for earlier years | | 19.55 | - |
| - Deferred tax | | | |
| Deferred tax charge/ (credit) | 31 | 535.20 | (201.65) |
| **Income tax expense(net)** | | **554.75** | **(201.65)** |
| **Profit/(Loss) after tax for the period** | | **(1,246.46)** | **(1,319.43)** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss in subsequent periods:** | | | |
| Remeasurement gains/(losses) of defined benefits obligation | 34 | 28.12 | 4.30 |
| Income tax effect | | (7.08) | (1.08) |
| **Other comprehensive income for the year, net of tax** | | **21.04** | **3.22** |
| **Total comprehensive income/(loss) for the year, net of tax** | | **(1,225.42)** | **(1,316.21)** |
| **Earnings per equity share of Rs. 10 each before exceptional item*:** | | | |
| Basic (Rs.) | | **(19.99)** | **(27.87)** |
| Diluted (Rs.) | | **(19.99)** | **(27.87)** |
| **Earnings per equity share of Rs. 10 each after exceptional item*:** | | | |
| Basic (Rs.) | 32 | **(26.32)** | **(27.87)** |
| Diluted (Rs.) | 32 | **(26.32)** | **(27.87)** |

Summary of significant accounting policies 1-3

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 of Directors

Paresh Daga
Partner
Membership Number: 211468

Alaka Chanda
Director
DIN: 08856604

Ramani Dathi
Director
DIN: 08296675

Place: Bangalore
Date: 28/05/2021

Place: Bangalore
Date: 28/05/2021

**Teamlease Digital Private Limited (Formerly TeamLease Staffing Services Private Limited)**
Standalone 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** | (691.71) | (1,521.08) |
| **Adjustments to reconcile profit before tax to net cash flows:** | | |
| Depreciation of property, plant and equipment and Right of use assets | 128.72 | 146.79 |
| Amortisation of intangible assets | 505.32 | 553.00 |
| Amortization of Goodwill | 747.36 | 747.36 |
| Finance Costs | 36.05 | 68.73 |
| Interest on MSME | 0.87 | - |
| Liabilities No longer required written back | (17.04) | (27.14) |
| Profit/(Loss) on sale of asset (net) | 9.24 | (14.01) |
| Amount payable as per Arbitration Order | 300.00 | - |
| Interest paid to Related Party | 1,588.17 | 1,566.25 |
| Interest on Finance Lease Obligation | 9.17 | 27.54 |
| Interest income | (14.77) | (59.73) |
| Fair value adjustments (net) | (0.05) | 0.33 |
| Provision on Impariment of Loss | 83.60 | 190.00 |
| Sundry balances written off | 10.57 | 0.00 |
| Bad debts / advances written off and provided for | 55.37 | 95.00 |
| Unwinding of discount on Security deposits | (4.34) | (3.96) |
| **Operating cash flows before working capital changes** | **2,746.53** | **1,769.08** |
| **Working capital adjustments** | | |
| (Increase)/decrease in trade receivables | 351.83 | (1,242.51) |
| (Increase)/decrease in loans | 28.19 | (49.96) |
| (Increase)/decrease in contract assets | (216.19) | (225.11) |
| (Increase)/decrease in other current assets | (68.96) | (415.34) |
| Increase/(decrease) in trade payables | (119.47) | 155.56 |
| Increase/(decrease) in other financial liabilities | 162.02 | 347.19 |
| Increase/(decrease) in other current liabilities | 6.63 | 86.65 |
| Increase/(decrease) in provisions | 90.53 | 36.91 |
| **Cash generated from operating activities** | **2,981.11** | **462.47** |
| Income tax paid (including TDS) (net of refunds) | 402.96 | (1,184.64) |
| **Net cash flows from operating activities (A)** | **3,384.07** | **(722.18)** |
| | | |
| **Investing activities** | | |
| Purchase of property, plant and equipment (including CWIP) | (93.73) | (151.12) |
| Sale of property, plant and equipment | 10.10 | - |
| Purchase of intangible assets | (21.56) | (1,369.13) |
| Consideration paid for acquisition | (504.40) | 305.06 |
| Additional consideration paid for acquisition | (300.00) | - |
| Loan given to related parties (net of repayments) | 205.00 | 480.10 |
| Amounts invested in fixed deposits with banks | - | 143.45 |
| Interest received | 10.56 | 67.53 |
| **Net cash flows from / (used in) investing activities (B)** | **(694.03)** | **(524.12)** |
| | | |
| **Financing activities** | | |
| Proceeds from issue of compulsorily convertible debentures (CCDs) | 758.00 | 1,570.00 |
| Application money received towards subscription of securities | 1,460.00 | 1,292.00 |
| Proceeds from borrowings (Net of repayments) | (1,698.60) | 408.70 |
| Interest on borrowings (including CCDs) | (1,630.17) | (1,629.02) |
| Repayment of principal portion of lease liability | (73.80) | (134.17) |
| **Net cash flows from / (used in) financing activities (C)** | **(1,184.57)** | **1,507.51** |
| | | |
| **Net increase / (decrease) in cash and cash equivalents (A+B+C)** | **1,505.47** | **261.22** |
| Cash and cash equivalents at the beginning of the period/year | (671.47) | (932.69) |
| **Cash and cash equivalents at the end of the period/year** | **834.00** | **(671.47)** |

Summary of significant accounting policies 1-3

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 of Directors

Paresh Daga
Partner
Membership Number: 211468

Alaka Chanda
Director
DIN: 08856604

Ramani Dathi
Director
DIN: 08296675

Place: Bangalore
Date: 28/05/2021

Place: Bangalore
Date: 28/05/2021

**Teamlease Digital Private Limited (Formerly TeamLease Staffing Services Private Limited)**
Standalone Statement of Changes in Equity for the year ended 31st 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:** | | |
| **As at 1 April 2019** | **4,735,000** | **473.50** |
| Additions during the year | - | - |
| **At 31 March 2020** | **4,735,000** | **473.50** |
| Additions during the year | - | - |
| **At 31 March 2021** | **4,735,000** | **473.50** |

* Also refer note 18

**b. Other equity**

| Particulars | Attributable to equity holders of the Company<br>Reserves and surplus | | Total other equity |
|---|---|---|---|
| | Securities premium | Retained earnings | Total |
| **For the year ended 31 March 2020** | | | |
| **As at 1 April 2019** | **1,890.00** | **(1,250.60)** | **639.40** |
| Add: Transition Impact of Ind AS 116 | | (13.53) | (13.53) |
| Profit/(Loss) for the year | - | (1,319.43) | (1,319.43) |
| Other comprehensive income | - | 3.22 | 3.22 |
| **Total comprehensive income** | **1,890.00** | **(2,580.34)** | **(690.34)** |
| Premium received on issue of shares | - | - | - |
| **As at 31 March 2020** | **1,890.00** | **(2,580.34)** | **(690.34)** |
| **For the year ended 31 March 2021** | | | |
| **As at 1 April 2020** | **1,890.00** | **(2,580.34)** | **(690.34)** |
| Add: Transition Impact of Ind AS 116 | - | (0.00) | (0.00) |
| Profit/(Loss) for the year | - | (1,246.46) | (1,246.46) |
| Other comprehensive income | - | 21.04 | 21.04 |
| **Total comprehensive income** | **1,890.00** | **(3,805.76)** | **(1,915.76)** |
| Premium received on issue of shares | - | - | - |
| **As at 31 March 2021** | **1,890.00** | **(3,805.76)** | **(1,915.76)** |

* Also refer note 19

Summary of significant accounting policies 1-3

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 of Directors

Paresh Daga
Partner
Membership Number: 211468

Alaka Chanda
Director
DIN: 08856604

Ramani Dathi
Director
DIN: 08296675

Place: Bangalore
Date: 28/05/2021

Place: Bangalore
Date: 28/05/2021

**1 Corporate information**

Teamlease Digital Private Limited (Formerly TeamLease Staffing Services Private Limited) (the "Company") was incorporated as a HR Services Company on July 04, 2016.

The Company is a 100% subsidiary of TeamLease Services Limited.

The Company changed its name from TeamLease Staffing Services Private Limited to TeamLease Digital Private Limited and obtained a fresh certificate of incorporation dated March 08, 2018.

The standalone financial statements are approved by the board of directors and authorized for issue in accordance with a resolution of the directors on May 28, 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 from time to time).

Accounting policies have been consistenly applied except where newly issued accounting standard is initialy adopted for the previous year might not always add up to the year figures in the accounting policy.

**(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; and

b) Defined benefit plans plan assets 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

The company earns revenue primarily from manpower services and business IT services.

Revenue is recognized upon transfer of control of promised services to customers in an amount that reflects the consideration which the company expects to receive in exchange of those services.

**Manpower services**

Revenue from manpower services is accounted when the company satisfies the performance obligation agreed in the contract/Mandate letter between the company and its customers.

**ITES/Business Process Services**

Revenue from fixed price contracts where the performance obligations are satisfied over time and where there is no uncertainty as to measurement on collectability of consideration is recognized as per the percentage completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postpone until such uncertainty is resolved. Cost expended have been used to measure progress towards completion.

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.

**Use of Significant judgements in revenue recognition**

1) The company's contracts with customers could include promises to transfer multiple services to a customer. The company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation invloves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

2) Judgement is also required to determine the transaction price for the contracts. The company uses judgement to allocate the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct service promised in the contract.

3) The company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The company considers indicators such as how customers consumes benefits as services are rendered or who controls the asset as it is being created or existence of the enforceable right to payment for performance to date and alternate use of such service, transfer of significant risks and rewards to the customers etc.

4) Revenue for fixed price contract is recognized using percentage of completion method. The company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.

**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.

### 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 asset/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 profits 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.

### 3.5 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 recognises 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 recognises 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 recognised, 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 valu 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 large independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the ass belongs.

**ii) Lease Liabilities**
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance 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 recognised 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.

**iii) Short-term leases and leases of low-value assets**
The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**iv) Transition to Ind AS 116**
Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognized on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognized as an adjustment to the opening balance of retained earnings as on April 1, 2019.

### 3.6 Property, plant and equipment
Capital work in progress and 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**

Depreciation is calculated using the straight-line method 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 |
| Furniture and fixtures | 3 to 10 |
| Office equipment | 3 to 5 |
| Electrical Equipments (included in Office Equipment) | 8 |
| Vehicles | 8 |

## 3.7 Intangible assets

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

The useful lives of intangible assets are assessed as either finite or indefinite.

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.

A summary of the policies applied to the Company's intangible assets is, as follows:

| Asset | Life in Years |
|---|---|
| Computer software | 3-5 years |
| Software others | 3-5 years |
| Other Intangible Assets | 3-5 years |
| Goodwill on merger | 10 years |

The Company has been amortizing Goodwill on Merger in accordance with the Scheme of Amalgamation approved by the Hon'ble NCLT of judicature at Mumbai vide its order dated 16.11.2017 and by the Hon'ble NCLT of judicature at Chennai vide their Order dated 30.11.2017. Had the scheme not prescribed this treatment, then the Company would have accounted Goodwill on Merger in accordance with Ind AS.

Goodwill generated out of acquisition of business is not amortized but tested for Impairment.

## 3.8 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 other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## 3.9 Investments in subsidiaries and associates

**(i) Initial recognition**

The acquired investments in subsidiaries and associates are measured at acquisition date fair value.

**(ii) Subsequent measurement**

Investments in equity shares of subsidiaries and associates are accounted either

(a) at cost, or

(b) in accordance with Ind AS 109, Financial Instruments

The Company has elected to account its investment in subsidiaries and associates at cost.

**iii) Impairment of investment in subsidiaries**

The Company reviews its carrying value of investments carried at cost (net of impairment, if any) annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for in the statement of profit and loss.

**3.10 Financial instruments**

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. In case of interest free or concession loans / debentures / preference shares given to subsidiaries and associates, the excess of the actual amount of the loan over initial measure at fair value is accounted as an equity investment.

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.

**3.11 Allowance for credit losses on receivables and unbilled revenue**

The company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The company considered current and anticipated future economic conditions relating to industries the company deals with and the countries where it operates. In calculating expected credit loss, the company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

**Effective interest method**

The effective interest method 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.

**(i) Financial assets**

**Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost through effective interest rate if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income**

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

**Financial assets at fair value through profit and loss**

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

For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

**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 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**

**Financial liabilities at amortised cost**

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the 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.

**Financial liabilities at FVTPL**

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 charges in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at FVTPL represented by contingent consideration are measured at fair value with all changes recognised in the statement of profit and 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.

**3.12 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 current liabilities in the balance sheet.

**3.13 Employee benefits**

**Post-employment obligations**

The company operates the following post-employment schemes:

(a) defined benefit plans - gratuity, and

(b) defined contribution plans such as provident fund.

**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 transfered 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.

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 end 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.

**3.14 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.

**Warranty provisions**

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually. Based on past experience, no provision for warranty is accounted.

**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.

**3.15 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 holders of the parent 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.

**3.16 Significant accounting judgments, estimates and assumptions**

The preparation of the Company's standalone financial statements requires management to make judgments, 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 (gratuity benefits)**
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 where remaining maturity of such bond correspond to expected term of defined 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. Further details about the gratuity obligations are given in Note 34.

**Useful life of assets considered for depreciation of Property, Plant and Equipment and amortisation of Intangible assets**
The charge in respect of periodic depreciation/amortisation 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**
Significant judgments are involved in determining the provision for income taxes, including the amount expected to be paid or recovered in connection with uncertain tax positions.

**Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 35 for further disclosures.

**Contingent liabilities:**
Contingent liabilities are not recognised in the financial statements but are disclosed in the notes. They are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs (except, in the extremely rare circumstances where no reliable estimate can be made).

**Leases**
Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

**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.

**3.17 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.

**3.18 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.

**Note 4: Property, plant and equipment**

| | Office equipment | Computers | Furniture & fixtures | Vehicles | Total |
|---|---|---|---|---|---|
| **Gross Carrying Amount at 1 April 2019** | 72.22 | 84.02 | 89.51 | 13.80 | 259.54 |
| Additions | 45.32 | 47.57 | 58.23 | - | 151.12 |
| Disposals | - | - | - | - | - |
| **As at 31 March 2020** | 117.54 | 131.59 | 147.74 | 13.80 | 410.66 |
| Additions | 0.66 | 89.01 | 4.05 | - | 93.73 |
| Disposals | - | (27.62) | - | - | (27.62) |
| **As at 31 March 2021** | 118.20 | 192.98 | 151.79 | 13.80 | 476.77 |
| **Accumulated depreciation** | | | | | |
| **As at 1 April 2019** | 44.38 | 78.50 | 36.15 | 5.44 | 164.48 |
| Charge during the year | 11.01 | 6.20 | 11.49 | 1.64 | 30.33 |
| Disposals | - | - | - | - | - |
| **As at 31 March 2020** | 55.39 | 84.70 | 47.64 | 7.08 | 194.81 |
| Charge during the year | 16.65 | 22.12 | 26.56 | 1.64 | 66.97 |
| Disposals | - | (9.82) | - | - | (9.82) |
| **As at 31 March 2021** | 72.04 | 97.00 | 74.20 | 8.72 | 251.96 |
| **Net Carrying Amount** | | | | | |
| **As at 1 April 2019** | 27.83 | 5.51 | 53.36 | 8.36 | 95.06 |
| **As at 31 March 2020** | 62.15 | 46.89 | 100.10 | 6.72 | 215.85 |
| **As at 31 March 2021** | 46.16 | 95.98 | 77.59 | 5.08 | 224.81 |

**Notes:**
1. There has been no impairment losses recognised during the year or previous year.

**Note 5: Right of Use Assets**

| | (Amount (₹) |
|---|---|
| Gross Carrying Amount at 1 April 2019 | **440.38** |
| Add: Additions during the year | - |
| Less: Deletions during the year | (146.29) |
| **As at 31 March 2020** | **294.09** |
| Add: Additions during the year | - |
| Less: Deletions during the year | (66.93) |
| **As at 31 March 2021** | **227.16** |
| **Accumulated amortisation** | |
| Opening as at 1 April, 2019 | **96.95** |
| Add: Depreciation charged during the year | 116.46 |
| Less: Disposal during the year | (107.21) |
| | **106.20** |
| Add: Depreciation charged during the year | 61.75 |
| Less: Disposal during the year | - |
| | **167.95** |
| **Closing as at 31st March, 2020** | **187.89** |
| **Closing as at 31st March, 2021** | **59.21** |

**Note 6: Goodwill and Other Intangible assets**

| | Customer relationships | Brand | Non compete rights | Software - Others | Total | Gooodwill |
|---|---|---|---|---|---|---|
| **Gross Carrying Amount at 1 April 2019** | 1,034.14 | 50.26 | 252.25 | 18.08 | 1,354.73 | 7,473.57 |
| Additions | 965.38 | - | 491.00 | 0.74 | 1,457.12 | 97.00 |
| Disposals | (184.99) | - | - | - | (184.99) | - |
| **As at 31 March 2020** | 1,814.53 | 50.26 | 743.25 | 18.82 | 2,626.86 | 7,570.57 |
| Additions | 0.00 | - | (0.00) | 1.56 | 1.56 | - |
| Disposals | - | - | - | - | - | - |
| **As at 31 March 2021** | 1,814.53 | 50.26 | 743.25 | 20.38 | 2,628.42 | 7,570.57 |
| **Accumulated amortisation** | | | | | | |
| **As at 1 April 2019** | 495.72 | 42.03 | 153.76 | 14.86 | 706.38 | 1,681.55 |
| Charge during the year | 376.40 | 8.23 | 166.54 | 1.84 | 553.00 | 747.36 |
| Disposals | - | - | - | - | - | - |
| **As at 31 March 2020** | 872.12 | 50.26 | 320.30 | 16.70 | 1,259.38 | 2,428.91 |
| Charge during the year | 376.40 | - | 128.35 | 0.57 | 505.32 | 747.36 |
| Disposals | - | - | - | - | - | - |
| **As at 31 March 2021** | 1,248.52 | 50.26 | 448.65 | 17.27 | 1,764.70 | 3,176.27 |
| **Net Carrying Amount** | | | | | | |
| **As at 1 April 2019** | 538.42 | 8.23 | 98.49 | 3.22 | 648.35 | 5,792.02 |
| **As at 31 March 2020** | 942.41 | - | 422.95 | 2.12 | 1,367.48 | 5,141.66 |
| **As at 31 March 2021** | 566.01 | - | 294.60 | 3.11 | 863.72 | 4,394.30 |

**Notes:**
1. There has been no impairment losses recognised during the year or previous year.
2. Pursuant to the Scheme of Amalgamation ("Scheme") as approved by the NCLT Mumbai bench and Chennai bench, vide their order dated November 16, 2017 and November 30, 2017 respectively, the two wholly owned subsidiaries of the company ASAP Info Systems Private Limited ("ASAP") and Nichepro Technologies Private Limited ("Nichepro") were merged with the company with effect from January 1, 2017 (the appointed date). The accounting of the transaction pursuant to the merger including recognition and amortization of goodwill is under the "Purchase" method as prescribed in the Accounting Standard 14 – "Accounting for Amalgamation" notified by the Central Government under section 211 (3C) of the Act, as amended from time to time, which is in accordance with the approved scheme. The Company has been amortizing Goodwill on Merger over a period of 10 years from the appointed date in accordance with the Scheme.
The company has recognised goodwill of INR 7,473.57 lakhs as on January 01, 2017. The net carrying value of goodwill is INR 4,297.30.
3. The company has recognised goodwill of INR 97 lakhs as on April 01, 2019. The goodwill has not been amortized during the year. But the same is tested for impairment.

**Note 7: Investments**

| Investments -non current | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **Unquoted carried at cost** | | |
| **(i) Investments in subsidiaries (at cost)** | | |
| Keystone Business Solutions Private Limited (KBS) 42,627 (31 March 2020: 42,627) equity shares of Rs. 10 each, fully paid (Refer note 1 below) | 820.00 | 820.00 |
| Evolve Technologies and Services Private Limited (ETSPL) 3,518,250 (31 March 2020: 3,518,250) equity shares of Rs. 10 each, fully paid (Refer note 2 below) | 4,590.15 | 4,590.15 |
| Less: Provision for Diminution in the Value of Investments | - | - |
| | **5,410.15** | **5,410.15** |
| Aggregate Vaue of Unquoted Investments | 5,410.15 | 5,410.15 |
| Agregate amount of provision for dimunition in the value of investments | - | - |

Notes:
1) On 16 January, 2017, the Company signed a definitive agreement to acquire Keystone Business Solutions Private Limited (“Keystone”), a company incorporated under Companies Act, 1956 at an agreed consideration of Rs.820.00 lakhs. The control of Keystone got transferred on 01 February, 2017.
2) As on 31 March, 2018, the Company signed a definitive agreement on 16 October, 2017, to acquire 100% stake in Evolve Technologies and Services Private Limited ("ETSPL"), a company incorporated under Companies Act, 1956 at an agreed consideration of Rs. 4,590.15 lakhs. ETSPL is engaged in the business of staffing including outsourcing manpower, managed services and placement services. The control of ETSPL got transferred on 01 November, 2017.

3) The Board of Directors of the Company at its meeting held on 16th November, 2020 has approved the Scheme of Amalgamation of Evolve Technologies & Services Private Limited with the Company (the Scheme), which inter alia provides for merger of Evolve Technologies & Services 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.

**4) Interest in other entities- Subsidiaries**
The company's subsidiaries at 31st March, 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the company and the proportion of ownership interests held equals the voting rights held by the company.The country of incorporation or registration is also their principal place of Business.

| Name of the Entity | Place of business/ country of incorporation | Ownership interest held by the group 31st March 2021 (%) | 31st March 2020 (%) | Principal Activities |
|---|---|---|---|---|
| Keystone Business Solutions Private Limited (KBS) | India | 100 | 100 | IT Staffing |
| Evolve Technologies and Services Private Limited (ETSPL) | India | 100 | 100 | Telecom Staffing |

**Note 8: Loans & Deposits**

| Non-current | 31 March 2021 | 31 March 2020 |
|---|---|---|
| (Unsecured, considered good) | | |
| Security deposit | 28.23 | 44.59 |
| Other Deposits | 0.22 | 0.22 |
| | **28.45** | **44.81** |
| **Current** | | |
| Loans to subsidiary companies (refer note 38) | - | 205.00 |
| Security deposit | 37.36 | 53.53 |
| | **37.36** | **258.53** |

**Note 9: Other financial assets**

| Non-current | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Interest accrued on fixed deposits | 3.67 | - |
| Fixed deposits with banks (maturity of more than 12 months) | 9.40 | 13.23 |
| | **13.07** | **13.23** |
| **Current** | | |
| Interest accrued on fixed deposits | 0.54 | - |
| Fixed deposits with banks (maturity of less than 12 months) | - | - |
| | **0.54** | **-** |
| | **13.61** | **13.23** |

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

**Note 10: Contract Assets**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **Current** | | |
| Staffing Services | 1,892.83 | 1,676.64 |
| | **1,892.83** | **1,676.64** |
| **(i) Change in Contract Assets** | | |
| Balance at the beginning of the year | 1,676.64 | 1,451.53 |
| Revenue recognised during the year | 1,892.83 | 1,676.64 |
| Invoices raised/ Derecognised during the year | (1,676.64) | (1,451.53) |
| Balance at the end of the year | 1,892.83 | 1,676.64 |

**Note 11: Deferred tax assets (net)**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Deferred tax assets/(liabilities) | 144.23 | 686.51 |
| | **144.23** | **686.51** |

| As at | Disallowance under IT Act to be allowed as expense in future years | Impairment/Other Provisions | Provision for bad and doubtful debts / advances | Depreciation on fixed assets | Provision for leave encashment and gratuity | Unabsorbed business losses / unabsorbed depreciation* | Others | Total |
|---|---|---|---|---|---|---|---|---|
| **1 April 2019** | | - | **77.22** | **(598.71)** | **17.54** | **981.27** | **3.06** | **480.38** |
| **Charge/(Credit):** | | | | | | | | |
| Ind AS 116 impact | | | - | - | - | - | 5.56 | 5.56 |
| Profit and loss | | 57.20 | 4.05 | 48.07 | 6.91 | 82.94 | 2.47 | 201.65 |
| Other comprehensive income | | | - | - | (1.08) | | - | (1.08) |
| **31 March 2020** | **-** | **57.20** | **81.27** | **(550.64)** | **23.37** | **1,064.21** | **11.09** | **686.51** |
| **Charge/(Credit):** | | | | | | | | |
| Ind AS 116 impact | | | - | - | - | - | - | - |
| Profit and loss | 5.15 | 18.52 | (31.86) | (460.52) | 22.78 | (75.16) | (14.12) | (535.20) |
| Other comprehensive income | | | - | - | (7.08) | - | - | (7.08) |
| **31 March 2021** | **5.15** | **75.72** | **49.41** | **(1,011.15)** | **39.07** | **989.06** | **(3.03)** | **144.23** |

| **Reconciliation of deferred tax (net)** | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Opening balance | **686.51** | **480.38** |
| Tax credit/ (expense) during the year recognized in statement of profit and loss | (535.20) | 201.65 |
| Ind AS 116 impact | - | 5.56 |
| Tax expense during the year recognised in OCI | (7.08) | (1.08) |
| **Closing balance** | **144.23** | **686.51** |

* As at the reporting date, the management of the Company is reasonably certain that sufficient future taxable income will be available against which the deferred tax asset will be realised on the unabosrbed business losses and unabsorbed depreciation.

**Note 12: Income tax asset (net)**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Advance income tax (net of provision for taxation) | 2,985.06 | 3,407.57 |
| | **2,985.06** | **3,407.57** |

**Income tax expense in the statement of profit and loss consists of:**

**Profit or loss section**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Current income tax: | | |
| Current income tax charge | - | - |
| Tax adjustment for earlier years | 19.55 | - |
| Deferred tax (net) | 535.20 | (201.65) |
| **Income tax expense reported in the statement of profit or loss** | **554.75** | **(201.65)** |

**Income tax recognised in other comprehensive income**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Deferred tax arising on expense/(income) recognised in other comprehensive income | | |
| Net loss/(gain) on remeasurements of defined benefit plans | (7.08) | (1.08) |
| **Income tax expense charged to OCI** | **(7.08)** | **(1.08)** |

**Note 13: Other non-current assets**

| (Unsecured considered good unless other wise stated) | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Advance towards acquisition of business* | - | - |
| Prepaid expenses | - | - |
| | - | - |

*Refer Note 43

**Note 14: Trade receivables**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| (Unsecured considered good unless other wise stated) | | |
| Trade receivables from related parties (Refer Note 38) | 124.99 | 107.52 |
| | **124.99** | **107.52** |
| Trade receivables- others | 2,345.91 | 2,780.58 |
| Doubtful | 192.09 | 318.69 |
| | **2,538.00** | **3,099.27** |
| **Less:** | | |
| Allowance for doubtful debts | (192.09) | (318.69) |
| | **2,470.90** | **2,888.10** |

**Break-up of security details**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Trade receivables considered good-Secured | - | - |
| Trade receivables considered good-Unsecured | 2,470.90 | 2,888.10 |
| Trade receivables which have significant increase in credit risk | - | - |
| Trade Receivables- credit impaired | 192.09 | 318.69 |
| **Total** | **2,663.00** | **3,206.79** |
| Allowance for doubtful debts | (192.09) | (318.69) |
| **Total trade receivable** | **2,470.90** | **2,888.10** |

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.
c) The Company's exposue to credit risk, currency risk and loss allowance on trade receivables are disclosed in Note 36

**Note 15: Cash and cash equivalents**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Balances with banks | | |
| - On current accounts | 11.26 | 12.68 |
| - On bank overdraft | 822.72 | - |
| Cash on hand | 0.02 | 0.02 |
| | **834.00** | **12.70** |
| **Note 16: Bank balances other than cash and cash equivalents** | | |
| Deposits with remaining maturity of less than 12 months* | 3.83 | - |
| Deposits with remaining maturity of more than 12 months* | 9.40 | 13.23 |
| | **13.23** | **13.23** |
| Less : Amounts disclosed under other financial assets (Refer note 9) | (9.40) | (13.23) |
| | **3.83** | **-** |
| | **837.82** | **12.70** |

*Fixed deposits of Rs. 13.23 lakhs as at 31 March 2021 (March 31, 2020: Rs. 13.23 lakhs) is under lien with Canara Bank for the Guarantee issued to third parties on behalf of the Company.

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 | 11.26 | 12.68 |
| - On bank overdraft | 822.72 | |
| Cash on hand | 0.02 | 0.02 |
| | 834.00 | 12.70 |
| Less: Bank overdraft | - | (684.17) |
| | **834.00** | **(671.47)** |

**Note 17: Other current assets**

| | | 31 March 2021 | | 31 March 2020 |
|---|---|---|---|---|
| *(Unsecured considered good unless other wise stated)* | | | | |
| Prepaid expenses | | 150.63 | | 114.57 |
| Advances to suppliers | | 14.76 | | 71.81 |
| Assets recognised from costs incurred to fulfil a contract | 273.60 | | 273.60 | |
| Less: Provision for impairment of loss | (273.60) | - | (190.00) | 83.60 |
| Advances to employees | | 24.84 | | 28.65 |
| Advances recoverable in cash or in kind - Related Parties | | 221.91 | | 115.65 |
| Advances recoverable in cash or in kind - Others | | 23.08 | | 29.87 |
| Interest receivables on overdue from related parties | | - | | - |
| **Doubtful** | | **435.22** | | **444.15** |
| Advances recoverable in cash or in kind | 31.48 | | 41.48 | |
| Less: Provision for doubtful advances | (31.48) | - | (41.48) | - |
| | | **435.22** | | **444.15** |

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

**Note 18: Equity share capital**

| Equity share capital | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **(i) Authorised equity share capital** | | |
| 18,673,680 (31 March 2020: 18,673,680) equity shares of Rs. 10 each. | 1,867.37 | 1,867.37 |
| **(ii) Issued, subscribed and fully paid-up shares** | | |
| 4,735,000 (31 March 2020: 4,735,000) equity shares of Rs. 10 each. | 473.50 | 473.50 |
| **Total issued, subscribed and fully paid-up shares** | **473.50** | **473.50** |

**(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 and shares held by the Holding Company:**

| Name of the shareholders | 31 March 2021 | | 31 March 2020 | |
|---|---|---|---|---|
| | Numbers | % holding in the class | Numbers | % holding in the class |
| **Equity shares of Rs.10 each fully paid** | | | | |
| TeamLease Services Limited (including its nominee), Holding Company | 4,735,000 | 100% | 4,735,000 | 100% |

* For the movement of Equity Share capital, also refer Statement of Changes in Equity

**Note 19: Other equity**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Securities premium account | 1,890.00 | 1,890.00 |
| Retained earnings | (3,805.76) | (2,580.34) |
| | **(1,915.76)** | **(690.34)** |
| **Securities premium** | | |
| **Opening balance** | 1,890.00 | 1,890.00 |
| Premium received during the year | - | - |
| **Closing balance** | **1,890.00** | **1,890.00** |
| **Surplus in the statement of profit and loss** | | |
| Opening balance | (2,580.34) | (1,250.60) |
| Transition Ind AS 116 impact | (0.00) | (13.53) |
| Net Profit/(Loss) for the year | (1,246.46) | (1,319.43) |
| Other comprehensive income recognised directly in retained earnings | | |
| - Remeasurment of post employment benefit obligation, net of tax | 21.04 | 3.22 |
| Less : Appropriation during the year | - | - |
| **Closing balance** | **(3,805.76)** | **(2,580.34)** |

* For the movement of other equity, also refer Statement of Changes in Equity

**Nature and purpose of other reserves**
**(i) Securities premium reserve**
Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

**Note 20: Borrowings**

| | Effective interest rate | Maturity | 31 March 2021 | 31 March 2020 |
|---|---|---|---|---|
| **Non-Current Borrowings** | | | | |
| **Unsecured - From Holding Company** | | | | |
| **1) Compulsorily Convertible Debentures** | | | | |
| 686 Series A Compulsorily Convertible Debentures of FV of Rs 10 lakhs each | 9% | Refer Note below | 6,860.00 | 6,860.00 |
| 111 Series B Compulsorily Convertible Debentures of FV of Rs 10 lakhs each | 9% | Refer Note below | 1,110.00 | 1,110.00 |
| 285 Series C Compulsorily Convertible Debentures of FV of Rs 10 lakhs each | 9% | Refer Note below | 2,850.00 | 2,850.00 |
| 78 Series D Compulsorily Convertible Debentures of FV of Rs 10 lakhs each | 9% | Refer Note below | 780.00 | 780.00 |
| 66 Series E Compulsorily Convertible Debentures of FV of Rs 10 lakhs each | 9% | Refer Note below | 660.00 | 660.00 |
| 106 Series F Compulsorily Convertible Debentures of FV of Rs 10 lakhs each | 9% | Refer Note below | 1,060.00 | 1,060.00 |
| 55 Series G Compulsorily Convertible Debentures of FV of Rs 10 lakhs each | 9% | Refer Note below | 550.00 | 550.00 |
| 78 Series H Compulsorily Convertible Debentures of FV of Rs 10 lakhs each | 9% | Refer Note below | 780.00 | 780.00 |
| 24 Series I Compulsorily Convertible Debentures of FV of Rs 10 lakhs each | 9% | Refer Note below | 240.00 | 240.00 |
| 129 Series J Compulsorily Convertible Debentures of FV of Rs 10 lakhs each | 9% | Refer Note below | 1,290.00 | - |
| 40 Series K Compulsorily Convertible Debentures of FV of Rs 10 lakhs each | 9% | Refer Note below | 400.00 | - |
| 36 Series L Compulsorily Convertible Debentures of FV of Rs 10 lakhs each | 9% | Refer Note below | 360.00 | - |
| | | | 16,940.00 | 14,890.00 |
| **2) Others** | | | | |
| Application money received towards allotment of CCDs** | | | 1,460.00 | 1,292.00 |
| | | | **18,400.00** | **16,182.00** |
| **Current Borrowings** | | | | |
| **Secured** | | | | |
| Bank overdraft - Canara Bank | 7.00% to 8% | On demand | - | - |
| Bank overdraft - HDFC Bank | 7.25% to 9% | On demand | - | 684.17 |
| **Unsecured** | | | | |
| Loan from related party | 7.30% to 9% | On demand | 870.36 | 2,568.95 |
| | | | **870.36** | **3,253.12** |

During the year ended 31 March, 2021, the Company allotted to TeamLease Services Limited(TSL), the following compulsory convertible debentures each bearing interest @ 9% payable annually:

- Issue of 129 CCDs of Rs. 10 lakhs each on May 19, 2020
- Issue of 40 CCDs of Rs. 10 lakhs each on December 2, 2020
- Issue of 36 CCDs of Rs. 10 lakhs each on December 2, 2020

All debentures are convertible into equity shares on or before 10 years from the date of allotment. On maturity date, the CCDs will be converted into appropriate number of equity shares of the Company at the fair value of the equity share at the conversion date based on a fair valuation by a chartered accountant/merchant banker.

** The Company received the amount from TSL towards allotment of 146 Series "M" Complusorily Convertible Debentures of Rs. 10 lakhs each which are pending for allotment as on the reporting date. The allotment is done after the end of the current financial year as on 20th April 2021.

Overdraft facility from banks are secured primarily by way of exclusive charge on the current assets of the Company and corporate guarantee provided by TeamLease Services Limited, the Hoding Company.

**Note 21: Provisions**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **Non-current** | | |
| Employee benefits - Gratuity (Refer note 34) | 58.45 | 44.75 |
| Employee benefits - Leave Encashment | 35.50 | 19.34 |
| | **93.95** | **64.09** |

| **Current** | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Employee benefits - Gratuity (Refer note 34) | 22.39 | 7.95 |
| Employee benefits - Leave Encashment | 38.92 | 20.81 |
| | **61.31** | **28.76** |

**Note 22: Trade payables**

| Current | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Total outstanding dues of micro enterprises and small enterprises (Refer Note 42) | 42.51 | 17.85 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 89.40 | 233.53 |
| | **131.91** | **251.38** |

**Note 23: Other financial liabilities**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **Non Current** | | |
| Finance Lease Liability | 14.39 | 113.04 |
| | **14.39** | **113.04** |
| **Current** | | |
| Employees Benefits Payable | 1,159.52 | 1,016.28 |
| Consideration payable for acquisition of business | 70.79 | 575.19 |
| Finance Lease Liability | 56.86 | 89.78 |
| Creditors for employees | 7.59 | 5.86 |
| Interest accrued and due on CCD | - | 5.96 |
| | **1,294.76** | **1,693.07** |

The following is the movement in lease liabilities

| **Particulars** | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Balances as at beginning of the year | 202.82 | - |
| Additons on account of adoption of Ind AS 116 | - | 362.53 |
| Add: Additions during the year | - | - |
| Less: Deletions during the year | (66.93) | (53.09) |
| Add: Finance cost accrued during the year | 9.17 | 27.54 |
| Less: Repayments of lease liabilities (including interest) | (73.80) | (134.17) |
| **Balance as at year ended** | **71.25** | **202.82** |

**Note 24: Other current liabilities**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Statutory dues payable | 368.06 | 370.54 |
| Advance from Customers | 25.19 | 16.10 |
| | **393.25** | **386.64** |

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

**Note 25: Revenue from operations**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **(Net of taxes)** | | |
| Staffing Services | 18,991.92 | 19,533.94 |
| **Total revenue** | **18,991.92** | **19,533.94** |

Reconciliation of revenue recognised with contract price:

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Contract Price | 18,991.92 | 19,533.94 |
| Adjustments for: | | |
| Contract liabilities | - | - |
| Refund Liabilities | - | - |
| Incentives and performance bonus | - | - |
| Revenue from continuing operations | 18,991.92 | 19,533.94 |

**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.

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. As of now, The Company has no material impact on the Revenue recognition of the company for the period under review and thus no immediate changes are required in the Revenue recognition policy of the company.

**Note 26: Other income**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Interest income on: | | |
| Loans to related parties | 10.56 | 51.19 |
| Deposits with banks | 4.21 | 8.54 |
| Income Tax Refunds | 71.21 | 22.51 |
| Unwinding of discount on Security deposits | 4.34 | 3.96 |
| | 90.32 | 86.20 |
| Liabilities no longer required written back | 17.04 | 27.14 |
| Profit on sale of asset (net) | - | 14.01 |
| Other Income | 60.50 | 3.76 |
| **Total other income** | **167.86** | **131.11** |

**Note 27: Employee benefits expense**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Salaries, wages and bonus | 15,137.72 | 16,032.13 |
| Gratuity expense (Refer note 34) | 60.70 | 34.39 |
| Leave Encashment | 49.88 | 36.22 |
| Contribution to provident fund and other funds | 565.31 | 703.97 |
| Staff welfare expenses | 50.18 | 99.97 |
| **Total employee benefit expense** | **15,863.79** | **16,906.68** |

**Note 28: Finance Cost**

| | | |
|---|---|---|
| Interest on loans | | |
| Bank overdraft | 36.05 | 68.73 |
| Loan from related party | 124.75 | 268.37 |
| Interest on CCDs to TSL, Holding Company | 1,463.42 | 1,297.87 |
| Interest on finance lease obligations | 9.17 | 27.54 |
| Interest on statutory delays | 4.57 | 26.77 |
| Interest on MSME | 0.87 | - |
| | **1,638.83** | **1,689.28** |

**Teamlease Digital Private Limited (Formerly TeamLease Staffing Services Private Limited)**
Notes to the Standalone financial statements for the year ended 31 March 2021
(All amounts in Rs. lakhs, unless otherwise stated)

**Note 29: Depreciation and amortisation**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Depreciation of property, plant & equipment | 66.97 | 30.33 |
| Depreciation on Right of Use Assets | 61.75 | 116.46 |
| Amortization of other intangible assets | 505.32 | 553.00 |
| Amortization of Goodwill | 747.36 | 747.36 |
| | **1,381.40** | **1,447.15** |

**Note 30: Other expenses**

| | | 31 March 2021 | 31 March 2020 |
|---|---|---|---|
| Rent | | 80.79 | 58.05 |
| Rates & taxes | | 28.96 | 17.02 |
| Electricity | | 9.22 | 23.29 |
| Traveling and conveyance | | 20.38 | 67.67 |
| Repairs and maintenance | | | |
| -Leasehold premises | | - | 1.19 |
| -Others | | 30.11 | 44.40 |
| Printing and stationery | | 10.05 | 11.41 |
| Communication costs | | 22.39 | 31.96 |
| Legal and professional charges | | 349.09 | 563.42 |
| Auditors' remuneration (Refer note below) | | 13.56 | 14.46 |
| Insurance - Others | | 22.05 | 14.21 |
| Advertisement and business promotion | | 2.73 | 3.26 |
| Brokerage | | - | - |
| Bank charges | | 0.60 | 0.56 |
| Sundry balances written off | | 10.57 | 0.00 |
| Bad debts written off | 101.60 | | - |
| Less: Provision for bad and doubtful debts | (90.37) | 11.23 | - |
| Provision for bad and doubtful debts | | (36.23) | 57.73 |
| Provision for doubtful advances | | (10.00) | 37.26 |
| Provision for impairment loss | | 83.60 | 190.00 |
| Office expenses | | 9.11 | 6.49 |
| Rebates & Discounts | | - | 0.59 |
| Foreign exchange loss (Net) | | 0.02 | 0.05 |
| Loss on sale of fixed assets (Net) | | 9.24 | - |
| | | **667.47** | **1,143.02** |

| **Note: Payment to auditors** | **31 March 2021** | **31 March 2020** |
|---|---|---|
| **As auditor** | | |
| Statutory audit fee | 9.00 | 9.00 |
| Tax audit fee | 1.20 | 1.20 |
| Certification | 3.30 | 3.30 |
| **In other capacity:** | | |
| Taxation matters | - | 0.50 |
| Company law matters | - | - |
| Other services (certification fees) | - | - |
| Reimbursement of expenses | 0.06 | 0.46 |
| | **13.56** | **14.46** |

**Note 31: Tax Expense**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **Deferred tax :** | | |
| Decrease/(Increase) in deferred tax | 535.20 | (201.65) |
| **Tax expense/(income) for the year** | **535.20** | **(201.65)** |

| **OCI section** | **31 March 2021** | **31 March 2020** |
|---|---|---|
| Deferred tax related to items recognised in OCI during the year : | | |
| Net loss/(gain) on remeasurements of defined benefit plans | (7.08) | (1.08) |
| **Income tax charged to OCI** | **(7.08)** | **(1.08)** |

**The reconciliation between the amount computed by applying the statutory income tax rate to the (loss) before tax after exceptional item and tax (income) / expenses charge is summarised below:**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Profit/(Loss) before tax after exceptional item | (691.71) | (1,521.08) |
| Tax using the Company's domestic tax rate @25.168% (March 31, 2019: 29.12%] | (174.09) | (382.82) |
| **Tax effect of:** | | |
| Tax adjustments of Exceptional item | 75.50 | - |
| Others including for changes in tax rates | 532.87 | (33.40) |
| Deferred tax on account of timing difference | 221.79 | - |
| Deferred tax on account of unabsorbed business losses reversed | (120.88) | 214.57 |
| | **535.20** | **(201.65)** |
| Add: Previous year tax impact | 19.55 | - |
| **Income tax expense/(income)** | **554.75** | **(201.65)** |

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

**Note 32: 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 |
|---|---|---|
| **Basic Earnings per share (BEPS)** | | |
| **Profit/(Loss) attributable to equity shareholders (Rs.)** | **(1,246.46)** | **(1,319.43)** |
| Nominal value of each equity share | 10 | 10 |
| **Weighted average number of equity shares outstanding during the year (Refer Note below)** | **4,735,000** | **4,735,000** |
| **Basic earnings per share (in Rs.)** | **(26.32)** | **(27.87)** |
| | | |
| **Diluted Earnings per share (DEPS)*** | | |
| Dilutive / Anti-dilutive | Anti-Dilutive | Anti-Dilutive |
| **Diluted earnings per share (in Rs.)** | **(26.32)** | **(27.87)** |

*The number of shares to be issued upon conversion of CCDs will be determined by obtaining the fair value of the equity share of the company at the date of conversion. Hence weighted average number of the shares cannot be determined at this point of time. Effect, if any on the potential equity shares to be issued by the Company on conversion of CCDs will have an anti-dilutive effect as there is loss during the reporting periods. Thus, the diluted EPS is same as basic EPS.

| **Note 33: Earnings/Expenditure In Foreign Currency** | 31 March 2021 | 31 March 2020 |
|---|---|---|
| (a) Earning in Foreign Currencies | | |
| Staffing Income | 158.36 | 180.51 |
| | **158.36** | **180.51** |
| (b) Expenditure in Foreign Currencies | | |
| Per Diem Allowances | - | - |
| Legal and professional charges | - | 11.67 |
| | **-** | **11.67** |

**Note 34: Employee benefit obligation**

**i) Leave Obligation**
The leave obligation cover the Company's liability for earned leave which are classified as current and non-current benefits. The bifurcation of the current and non-current is based on the past experience of employee's retirement, resignations or on his death on the basis of the salary he would be drawing at the time of his separation from the Company.

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Leave Obligations not expected to be settled within the next 12 months | 35.50 | 19.34 |

**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. 518.93 lakhs (31 March, 2020: Rs. 650.95 lakhs).

**(iii) Gratuity**
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 summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan:

**Net defined benefit liability/ (assets)**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Present value of defined benefit obligation | 84.30 | 55.99 |
| Fair value of plan assets | 3.47 | 3.30 |
| **Net liability** | **80.84** | **52.69** |

**Net benefit cost recognised in statement of profit and loss**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Current service cost | 58.07 | 32.65 |
| Past service cost | - | (0.15) |
| Interest cost on net defined benefit obligation | 2.63 | 1.89 |
| **Net benefit expense** | **60.70** | **34.39** |

| **Remeasurement loss/(gains) in other comprehensive income** | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **Particulars** | | |
| Due to change in demographic assumptions | - | 5.16 |
| Due to change in financial assumptions | 0.91 | (2.11) |
| Due to change in experience adjustments | (29.04) | (7.34) |
| (Return) on plan assets (excluding interest income) | 0.01 | (0.01) |
| **Acturial loss/(gain) recognised in OCI** | **(28.12)** | **(4.30)** |

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

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Defined benefit obligation at beginning of the year | 55.99 | 37.55 |
| Current service cost | 58.07 | 32.65 |
| Past service cost | - | (0.15) |
| Interest cost on defined benefit obligation | 2.80 | 2.11 |
| Benefits paid | (4.43) | (11.88) |
| Re-measurements | | |
| Actuarial (gain) / loss arising from changes in demographic assumptions | - | 5.16 |
| Actuarial (gain) / loss arising from changes in financial assumptions | 0.91 | (2.11) |
| Actuarial (gain) / loss arising from changes in experience adjustments | (29.04) | (7.34) |
| **Defined benefit obligation at end of the year** | **84.30** | **55.99** |

**Change in fair value of plan assets**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Fair value of plan assets at beginning of period | 3.30 | 3.07 |
| Expected return on plan asset | 0.18 | 0.21 |
| Employer contributions | 4.43 | 11.88 |
| Benefits payment | (4.43) | (11.88) |
| Remeasurement - actuarial gain/ (loss) | (0.01) | 0.01 |
| | **3.47** | **3.30** |

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Current | 22.39 | 11.25 |
| Non-current | 61.92 | 44.75 |

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

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Discount rate | 4.25% | 5.21% |
| Salary esclation rate | 6.00% | 8.0% |
| Attrition rate | 53% | 53% |
| Retirement age | 60 | 60 |
| Mortality tables | Indian Assured Lives Mortality (2012-14) Ult Table | Indian Assured Lives Mortality (2012-14) Ult Table |

**Note:**
1) The estimates of future salary increase, considered in acturial 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 is as shown below:

| | Discount rate | Salary esclation rate | Attrition rate |
|---|---|---|---|
| | **31 March 2021** | **31 March 2021** | **31 March 2021** |
| 1% increase | 82.25 | 86.01 | 82.14 |
| 1% decrease | 86.47 | 82.66 | 86.57 |

| | Discount rate | Mortality tables | Attrition rate |
|---|---|---|---|
| | **31 March 2020** | **31 March 2020** | **31 March 2020** |
| 1% increase | 54.37 | 57.40 | 53.92 |
| 1% decrease | 57.72 | 54.65 | 58.18 |

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 reprting period.

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

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Year 1 | 16.75 | 7.52 |
| Year 2 | 13.08 | 9.74 |
| Year 3 | 16.98 | 10.93 |
| Year 4 | 11.65 | 12.28 |
| Year 5 | 5.76 | 6.22 |
| Next 5 years | 5.51 | 6.15 |

The Company expects to contribute Rs 80.30 lakhs in 2021-22 (Rs. 43.73 lakhs in 2020-21).
The weighted average duration of defined benefit obligation at the end of the reporting period is 2 years (2019-20: 2 years).

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

**Note 35: Fair value measurements**

**Financial instruments by category and hierarchy**

| **Particulars** | **31 March 2021** | | |
|---|---|---|---|
| | **Amortised cost** | **FVOCI** | **FVTPL** |
| **Financial Assets** | | | |
| Loans - security deposits | 65.59 | - | - |
| Loans to related party | - | - | - |
| Loans - Others | 0.22 | | |
| Trade receivables | 2,470.90 | - | - |
| Cash and cash equivalents | 834.00 | - | - |
| Bank balances other than cash and cash equivalents | 3.83 | | |
| Advance recoverable in cash or kind- Related parties and others | 244.99 | | |
| Assets recognised from costs incurred to fulfil a contract | - | | |
| Other financial assets | 13.62 | - | - |
| **Total financial assets** | **3,633.14** | **-** | **-** |

| | | | |
|---|---|---|---|
| **Financial libalities** | | | |
| Loan from related party | 870.36 | - | - |
| Bank Overdraft | - | - | - |
| CCD | 18,400.00 | - | - |
| Trade payables | 131.91 | - | - |
| Other financial liabilities | 1,309.15 | - | - |
| **Total financial liabilities** | **20,711.42** | **-** | **-** |

| **Particulars** | **31 March 2020** | | |
|---|---|---|---|
| | **Amortised cost** | **FVOCI** | **FVTPL** |
| **Financial Assets** | | | |
| Loans - security deposits | 98.12 | - | - |
| Loans to related party | 205.00 | - | - |
| Loans - Others | 0.22 | | |
| Trade receivables | 2,888.10 | - | - |
| Cash and cash equivalents | 12.70 | - | - |
| Bank balances other than cash and cash equivalents | - | - | - |
| Advance recoverable in cash or kind- Related parties and others | 145.52 | | |
| Assets recognised from costs incurred to fulfil a contract | 83.60 | | |
| Other financial assets | 13.23 | - | - |
| **Total financial assets** | **3,446.49** | **-** | **-** |

| | | | |
|---|---|---|---|
| **Financial libalities** | | | |
| Loan from related party | 2,568.95 | | |
| Bank Overdraft | 684.17 | | |
| CCD | 16,182.00 | | |
| Trade payables | 251.37 | - | - |
| Other financial liabilities | 1,806.10 | - | - |
| **Total financial liabilities** | **21,492.60** | **-** | **-** |

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.
The fair values of security deposits are determined based on discounted cash flow method calculated using discount rate that reflects the issuers borrowing rate for the respective financial asset/liability as at the end of the reporting period.

Investment in equity shares are not appearing as financial asset in the table above being investment in subsidiaries accounted under IndAS27, Separate Financial Statements which is scoped out under Ind AS 109.

**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 maximise 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 36: Financial risk management objectives and policies**

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 trade and other payables. The Company's principal financial assets include investments, loans, trade and other receivables, 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 contract assets) and from its financing activities with banks and financial institutions, loans receivables, investments and other financial instruments.

**Trade receivables**
With respect to trade receivables and contract assets, 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.

| **Assets under credit risk** | **31 March 2021** | **31 March 2020** |
|---|---|---|
| Trade receivable | 2,470.90 | 2,888.10 |
| Contract Assets | 1,892.83 | 1,676.64 |
| Loans to employees | 24.84 | 28.65 |
| Loans to subsidiaries | - | 205.00 |
| Security deposit | 65.59 | 98.12 |
| Other financial assets | 13.62 | 13.23 |
| Assets recognised from costs incurred to fulfil a contract | - | 83.60 |
| **Total** | **4,467.78** | **4,993.34** |

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

| **Particulars** | **31 March 2021** | **31 March 2020** |
|---|---|---|
| Opening balance | 318.68 | 260.95 |
| Amount provided/ (reversed) during the year | (126.60) | 57.73 |
| **Closing provision** | **192.08** | **318.68** |

**Financial instrument and cash deposit**
Credit risk from balances with the banks and financial institutions and current investment 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 minimise 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 bank overdrafts.

The table below summarises the maturity profile of the Company's financial liabilities(other than CCDs) based on contractual undiscounted payments.

| | 0-1 year | 1-2 years | 2 years and above | Total |
|---|---|---|---|---|
| **As at 31 March 2021** | | | | |
| Borrowings | 870.36 | - | - | 870.36 |
| Trade payables | 131.91 | - | - | 131.91 |
| Other financial liabilities | 1,294.76 | 14.39 | - | 1,309.15 |
| | **2,297.03** | **14.39** | **-** | **2,311.42** |
| **As at 31 March 2020** | | | | |
| Borrowings | 3,253.12 | - | - | 3,253.12 |
| Trade payables | 251.37 | - | - | 251.37 |
| Other financial liabilities | 1,693.07 | 113.04 | - | 1,806.11 |
| | **5,197.56** | **113.04** | **-** | **5,310.60** |

**Note 37: 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 (equity plus CCD). To maintain and adjust capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

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

**Note 38: Related party disclosure**

**(i) List of related parties and relationship:**

| Description of relationship | Names of the related parties |
|---|---|
| **a) Holding company** | TeamLease Services Limited('TSL') - holding company w.e.f July 04, 2016 i.e. since incorporation |
| **b) Subsidiary companies** | Keystone Business Solutions Private Limited ('KBSPL') (w.e.f. February 01, 2017)<br>Evolve Technologies and Services Private Limited ('ETSPL') (w.e.f. November 01, 2017) |
| **c) Fellow Subsidiary** | TeamLease e-Hire Private Limited ('e-Hire') (previously known as Cassius Technologies Private Limited) (associate till 31 July 2018)<br>I.M.S.I Staffing Private Limited ('IMSI') (w.e.f 12 November,2019)<br>IIJT Education Private Limited<br>TeamLease Education Foundation<br>TeamLease Edtech Limited ('TLEL') (Formely known as School Guru Eduserve Private Limited) (w.e.f. 09 September 2020) |
| **d) Companies where Holding company has significant influence** | Avantis Regtech Private Limited ('ARPL') |
| **e) Enterprises where key managerial personnel or their relatives exercise significant influence (where transactions have taken place)** | TeamLease Skills University ('TLSU') |
| **f) Key management personnel and their relatives** | Ms. Alaka Chanda- Director (appointed w.e.f. March 23, 2021)<br>Ms. Ramani Dathi - Director (appointed w.e.f. March 23, 2021)<br>Mrs. Rituparna Chakraborty - Non Executive Director<br>Mr. Ashok Kumar Nedurumalli - Non-Executive Director (resigned w.e.f. March 23, 2021)<br>Mr. Ravi Vishwanath - Non-Executive Director (resigned w.e.f. March 23, 2021) |

**(ii) Transactions with related parties**

| Transactions with related parties | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **Rights Issue of CCD** | | |
| TSL | 2,050.00 | 2,630.00 |
| **Application money received towards allotment of CCDs** | | |
| TSL | 1,460.00 | 1,292.00 |
| **Reimbursement of Expenses:** | | |
| Holding Company | | |
| TSL | 55.75 | - |
| Subsidiary companies (including fellow subsidiaries) | | |
| KBSPL | 0.62 | - |
| e-Hire | 5.09 | 1.81 |
| ETSPL | 1.47 | 5.62 |
| **Total** | | |
| **Rent Paid** | | |
| Holding Company | | |
| TSL | 3.00 | 16.07 |
| Subsidiary companies (including fellow subsidiaries) | | |
| ETSPL | 15.77 | - |
| IMSI | 0.65 | - |
| e-Hire | 6.60 | - |
| **Interest expense on CCD** | | |
| TSL | 1,463.42 | 1,297.87 |
| **Loan Received** | | |
| TSL | 4,420.00 | 5,240.00 |
| Subsidiary companies (including fellow subsidiaries) | | |
| IMSI | 1,625.00 | - |
| **Loan Repaid** | | |
| TSL | 6,570.60 | 4,820.15 |
| Subsidiary companies (including fellow subsidiaries) | | |
| IMSI | 1,175.00 | - |
| **Application money received transferred to Loan** | | |
| Holding Company | | |
| TSL | 2.00 | - |

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

| | | |
|---|---|---|
| **Loan amount transferred towards issue of CCD** | | |
| Holding Company | | |
| TSL | - | 11.15 |
| | | |
| **Interest expense on Loan received** | | |
| TSL | 103.37 | 268.37 |
| Subsidiary companies (including fellow subsidiaries) | | |
| IMSI | 21.37 | - |
| | | |
| **Loans and advances given to** | | |
| Subsidiary companies | | |
| ETSPL | 3,155.00 | 2,855.00 |
| KBSPL | - | 50.00 |
| **Total** | **3,155.00** | **2,905.00** |
| | | |
| **Loan Repaid / Adjusted on account of merger during the year** | | |
| Subsidiary companies | | |
| ETSPL | 3,360.00 | 3,335.10 |
| KBSPL | | 50.00 |
| **Total** | **3,360.00** | **3,385.10** |
| | | |
| **Interest income on loan** | | |
| Subsidiary companies | | |
| ETSPL | 10.56 | 50.40 |
| KBSPL | - | 0.79 |
| **Total** | **10.56** | **51.19** |
| | | |
| **Consultancy/services charges paid** | | |
| **Professional & Consultancy charges paid** | | |
| Holding Company | | |
| TSL | 57.36 | 97.87 |
| Subsidiary companies (including fellow subsidiaries) | | |
| ETSPL | 7.60 | - |
| e-Hire | - | - |
| | | |
| **Services provided** | | |
| Holding Company | | |
| TSL | 676.75 | 420.18 |
| Subsidiary companies (including fellow subsidiaries) | | |
| e-Hire | 24.76 | 7.97 |
| TLSU | 12.61 | - |
| | | |
| **Sourcing fees** | | |
| Subsidiary companies (including fellow subsidiaries) | | |
| ARPL | - | 2.58 |
| | | |
| **Advance against services provided** | | |
| Subsidiary companies (including fellow subsidiaries) | | |
| e-Hire | - | 20.00 |
| | | |
| **Advance adjusted against services provided** | | |
| Subsidiary companies (including fellow subsidiaries) | | |
| e-Hire | - | 4.25 |
| | | |
| **Expenses incurred by the Company on behalf of others - Cross charged** | | |
| **Salary Cross charge** | | |
| Holding Company | | |
| TSL | - | 21.07 |
| Subsidiary companies (including fellow subsidiaries) | | |
| KBSPL | 203.76 | 193.94 |
| ETSPL | 119.09 | 9.70 |
| IMSI | 116.17 | 33.58 |
| | | |
| **Rent Paid** | | |
| Holding Company | | |
| TSL | 13.43 | - |
| Subsidiary companies (including fellow subsidiaries) | | |
| KBSPL | - | 10.60 |
| ETSPL | 7.62 | 0.24 |
| e-Hire | 1.34 | 0.45 |
| ARPL | 0.30 | 0.07 |
| TLEL | 0.30 | 0.07 |
| IMSI | 0.62 | - |
| | | |
| **Reimbursement of expenses** | | |
| Holding Company | | |
| TSL | 15.68 | 27.01 |
| Subsidiary companies (including fellow subsidiaries) | | |
| KBSPL | 0.18 | 49.86 |
| ETSPL | 4.62 | 1.77 |
| IMSI | 8.40 | 0.51 |
| ARPL | 0.19 | - |
| e-Hire | - | 0.09 |

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

| | | |
|---|---|---|
| **Website under development** | | |
| Subsidiary companies (including fellow subsidiaries) | | |
| e-Hire | 20.00 | - |
| **Guarantee provided on behalf of the Company to Bank** | | |
| Holding Company | | |
| TSL | - | - |
| **Sale of Intangible asset** | | |
| Subsidiary companies | | |
| KBSPL | - | 184.99 |
| **Transfer of right on customer** | | |
| Subsidiary companies | | |
| KBSPL | - | 458.70 |
| **Guarantee given on behalf of subsidiary with jointly held by holding company** | | |
| Subsidiary companies | | |
| ETSPL | - | 1,902.40 |

**(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 March 2021 | 31 March 2020 |
|---|---|---|
| **Loans and advances receivable** | | |
| Subsidiary companies | | |
| ETSPL | - | 205.00 |
| KBSPL | - | - |
| **Total** | **-** | **205.00** |
| **Trade/other Receivables** | | |
| Holding Company | | |
| TSL | 148.69 | 105.88 |
| Subsidiary companies (including fellow subsidiaries) | | |
| KBSPL | 58.85 | 63.59 |
| ETSPL | 95.31 | 10.20 |
| IMSI | 53.48 | 25.43 |
| e-Hire | - | 0.54 |
| ARPL | - | 1.72 |
| TLEL | - | 0.07 |
| **Advance against services provided** | | |
| Subsidiary companies (including fellow subsidiaries) | | |
| e-Hire | - | 15.75 |
| **Investments in equity shares** | | |
| Subsidiary companies | | |
| KBSPL | 820.00 | 820.00 |
| ETSPL | 4,590.15 | 4,590.15 |
| **Total** | **5,410.15** | **5,410.15** |
| **Borrowings - Loan** | | |
| Holding Company | | |
| TSL | 420.36 | 2,568.95 |
| Subsidiary companies (including fellow subsidiaries) | | |
| IMSI | 450.00 | - |
| **Borrowings - CCDs** | | |
| Holding Company | | |
| TSL | 16,940.00 | 14,890.00 |
| **Borrowings - CCDs pendiing allotment** | | |
| Holding Company | | |
| TSL | 1,460.00 | 1,292.00 |
| **Interest on CCDs Payable:** | | |
| TSL | - | 5.96 |
| **Sundry Creditors for Expenses** | | |
| Holding Company | | |
| TSL | 11.98 | 38.45 |
| Subsidiary companies (including fellow subsidiaries) | | |
| ETSPL | 1.61 | 1.94 |
| IMSI | 0.65 | - |
| e-Hire | 21.87 | 1.86 |
| **Guarantee provided on behalf of the Company to Bank** | | |
| Holding Company | | |
| TSL | 1,200.00 | 1,200.00 |
| **Guarantee given on behalf of subsidiary with jointly held by holding company** | | |
| Subsidiary company | | |
| ETSPL | - | 1,902.40 |

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

**Note 39: Contingent liabilities**

| Particulars | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **Income Tax Matters under Dispute** | | |
| -Income Tax Notice AY 2016-17 | 24.83 | 24.83 |
| -Income Tax Notice AY 2014-15 | 34.74 | 34.74 |
| -Income Tax Notice AY 2007-08 | 33.51 | 33.51 |
| Claims not acknowledged as debts (under dispute) (refer Note 44) | - | 595.56 |
| **Guarantee given*** | - | 1,902.40 |

*Guarantee was given by the company to its subsidiary company-Evolve Technologies and Services Private Limited in the previous year. The guarantee given was jointly held by the holding company.

**Note 40: Commitments**
**(a) Capital commitments**
Estimated amount of contracts remaining to be executed on capital acoount and not provided for as at:

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Property, plant and equipment | - | - |

**(b) Other Commitments**

| Guarantees against fixed deposits | 31 March 2021 | 31 March 2020 |
|---|---|---|
| The President of India | 4.70 | 4.70 |
| The Executive Engr BWSSB | 4.70 | 4.70 |
| State Health Society | 3.83 | 3.83 |
| **Total** | **13.23** | **13.23** |

**Note 41: Non-cancellable operating leases**

The Company has entered into various cancellable and non-cancellable operating lease agreements for office premises at various locations. The lease rental charged during the year and obligation on the long term non-cancellable operating lease as per the lease agreement are as follows :

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Lease rentals under cancellable and non-cancellable leases | 80.79 | 58.05 |

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Commitments for minimum lease payments in relation to non-cancellable operating leases are as follows: | | |
| Within one year | 44.70 | 44.70 |
| Later than one year but not later than five years | 46.93 | 92.11 |
| Later than five years | - | - |

**Note 42: The Micro, Small and Medium Enterprises Development Act, 2006**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year: | | |
| -Principal amount due to micro and small enterprises | 41.64 | 17.85 |
| -Interest due on above | 0.87 | - |
| | **42.51** | **17.85** |

**Note 43: Business Acquisitions**

On February 11, 2019, the Company signed a definitive business transfer agreement to acquire the IT Staffing vertical of E Centric Solutions Private Limited ("eCentric"), a company incorporated under Companies Act, 1956 at an agreed price of Rs. 2709.27 lakhs. eCentric is engaged in the business of providing staffing and recruitment services to clients in the Information Technology sector. As per the Business Transfer Agreement entered into between the Company and eCentric, the consideration is payable in transches. Control is transferred with effect from 1st April 2019.

**The fair values of the identifiable assets and liabilities as at the date of acquisition were:**

| **Particulars** | **E-centric** |
|---|---|
| Property, plant and equipment | 5.62 |
| Long-term Deposits, Loan & Advances | 31.20 |
| Trade receivables | 1,074.65 |
| Other current assets | 481.00 |
| **Total tangible assets** | **1,592.47** |
| Customer relationships | 965.38 |
| Non-compete | 491.00 |
| **Total intangible assets** | **1,456.38** |
| **Total fair value of assets acquired** | **3,048.85** |
| **Liabilities assumed** | |
| Trade payables | 436.59 |
| **Total Liabilities assumed** | **436.59** |
| **Total Net assets, other than Goodwill** | **2,612.27** |
| | |
| Purchase consideration | 2,709.27 |
| **Goodwill arising on acquisition** | **97.00** |

**Note:**
The goodwill comprises the value of expected synergies arising from the acquisition which is not separately recognised. Transaction costs of Rs. Nil.

**Note 44: Exceptional Item**

Erstwhile promoters and shareholders of ASAP Info Systems Private Limited (“ASAP”) had preferred a claim towards final consideration payable upon fulfilment of certain agreed criteria as per the share purchase agreement dated July 4th 2016. The company had preferred an appeal against the order of arbitration tribunal which was passed in October 2019 in the matter of contingent consideration. During the year the Company and the erstwhile promoters and shareholders of ASAP entered into a compromise settlement wherein an amount of INR 300 lakhs has been paid on October 6th 2020 as full and final settlement towards the claim. This has been recognized as exceptional item in financials.

**Note 45: Previous Year Figures**

The figures of the previous periods have been regrouped/reclassified, where necessary, to conform with the current year's classification.

For MANIAN & RAO
ICAI Firm Registration Number : 001983S
Chartered Accountants

For and on behalf of the board of directors

Paresh Daga
Partner
Membership Number: 211468

Alaka Chanda
Director
DIN: 08856604

Ramani Dathi
Director
DIN: 08296675

Place: Bangalore
Date: 28/05/2021

Place: Bangalore
Date: 28/05/2021